

<i>SERFF Tracking Number:</i>	<i>LWCM-125751995</i>	<i>State:</i>	<i>Arkansas</i>
<i>First Filing Company:</i>	<i>Employers Insurance Company of Wausau, ...</i>	<i>State Tracking Number:</i>	<i>EFT \$125</i>
<i>Company Tracking Number:</i>	<i>LW-PKR-CW-001-08</i>		
<i>TOI:</i>	<i>05.1 Commercial Multi-Peril - Non-Liability</i>	<i>Sub-TOI:</i>	<i>05.1003 Commercial Package</i>
	<i>Portion Only</i>		
<i>Product Name:</i>	<i>Commercial Package Policies</i>		
<i>Project Name/Number:</i>	<i>Submission of Package Solution Program-Coverage rate and rules /LW-PKR-CW-001-08</i>		

Filing at a Glance

Companies: Employers Insurance Company of Wausau, Wausau Underwriters Insurance Company, Wausau Business Insurance Company, Liberty Mutual Insurance Company, Liberty Mutual Fire Insurance Company, LM Insurance Corporation, The First Liberty Insurance Corporation, Liberty Insurance Corporation

Product Name: Commercial Package Policies SERFF Tr Num: LWCM-125751995 State: Arkansas

TOI: 05.1 Commercial Multi-Peril - Non-Liability SERFF Status: Closed State Tr Num: EFT \$125
Portion Only

Sub-TOI: 05.1003 Commercial Package Co Tr Num: LW-PKR-CW-001-08 State Status: Fees verified and received

Filing Type: Rate/Rule	Co Status:	Reviewer(s): Llyweyia Rawlins
	Authors: Polly Becker, Marie Exon	Disposition Date: 07/31/2008
	Date Submitted: 07/30/2008	Disposition Status: Exempt from Review

Effective Date Requested (New): 09/01/2009	Effective Date (New): 09/01/2008
Effective Date Requested (Renewal): 09/01/2009	Effective Date (Renewal): 09/01/2008

State Filing Description:

General Information

Project Name: Submission of Package Solution Program-Coverage rate and rules	Status of Filing in Domicile: Pending
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Project Number: LW-PKR-CW-001-08	Domicile Status Comments: Being submitted at this time
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Reference Organization: n/a	Reference Number: n/a
Reference Title: n/a	Advisory Org. Circular: n/a

Filing Status Changed: 07/31/2008

State Status Changed: 07/31/2008

Corresponding Filing Tracking Number: LW-PKF-CW-001-08

Filing Description:

Deemer Date:

SERFF Tracking Number: LWCM-125751995 State: Arkansas
First Filing Company: Employers Insurance Company of Wausau, ... State Tracking Number: EFT \$125
Company Tracking Number: LW-PKR-CW-001-08
TOI: 05.1 Commercial Multi-Peril - Non-Liability Sub-TOI: 05.1003 Commercial Package
Portion Only
Product Name: Commercial Package Policies
Project Name/Number: Submission of Package Solution Program-Coverage rate and rules /LW-PKR-CW-001-08

RE: COMMERCIAL PACKAGE POLICIES

PACKAGE SOLUTION™ PROGRAM -
RATE AND RULES

Project # LW-PKF-CW-001-08/LW-PKR-CW-001-08
Liberty Mutual Insurance Company NAIC-0111-23043
Liberty Mutual Fire Insurance Company NAIC-0111-23035
LM Insurance Corporation NAIC-0111-33600
The First Liberty Insurance Corporation NAIC-0111-33588
Liberty Insurance Corporation NAIC-0111-42404
Employers Insurance Company of Wausau NAIC-0111-21458
Wausau Underwriters Insurance Company NAIC-0111-26042
Wausau Business Insurance Company NAIC-0111-26069

REQUESTED EFFECTIVE DATE: September 1, 2009

Please accept our submission of the Package Solution™ Policy. We ask for your consideration and review of this new independently filed program. It is being prepared in an effort to upgrade the coverage available in our current package offering.

We believe Package Solution™ will:

- Eliminate special handling of policies, which will lead to better use of company resources, ease of policy administration, and improved service for our policyholders.
- Enable us to bring a more comprehensive property product to the marketplace.

This new program filing consists of:

1. Policy Forms, Endorsements (including State Amendatory Endorsements, if applicable) and Forms Inventory.

2. Actuarial Memorandum and Exhibits. (New program – so no data is available to date for this policy – exhibits provided are for Liberty Mutual Group experience)

4. The Equipment Breakdown Rules and Rating Procedures.

6. Commercial Lines Manual Division Nine Exception Page.

We will appreciate acknowledgment/approval of this filing submission.

Polly Becker
State Filings Analyst
Liberty Mutual Group
PO BOX 8017
Wausau WI 54402-8017
(877) 792-8728 Ext. 7434
Fax: (715) 842-6828
Polly.Becker@Wausau.com

SERFF Tracking Number: LWCM-125751995 State: Arkansas

First Filing Company: Employers Insurance Company of Wausau, ... State Tracking Number: EFT \$125

Company Tracking Number: LW-PKR-CW-001-08

TOI: 05.1 Commercial Multi-Peril - Non-Liability Sub-TOI: 05.1003 Commercial Package Portion Only

Product Name: Commercial Package Policies

Project Name/Number: Submission of Package Solution Program-Coverage rate and rules /LW-PKR-CW-001-08

Company and Contact

Filing Contact Information

Polly Becker, State Filings Analyst
 PO BOX 8070
 Wausau, WI 54402-8070
 polly.becker@ausau.com
 (877) 792-8728 [Phone]
 (715) 842-6828[FAX]

Filing Company Information

Employers Insurance Company of Wausau	CoCode: 21458	State of Domicile: Wisconsin
PO BOX 8070	Group Code: 111	Company Type:
Wausau, WI 54402-8070	Group Name: Liberty Mutual Group	State ID Number:
(877) 792-8728 ext. [Phone]	FEIN Number: 39-0264050	

Wausau Underwriters Insurance Company	CoCode: 26042	State of Domicile: Wisconsin
PO BOX 8070	Group Code: 111	Company Type:
Wausau, WI 54402-8070	Group Name: Liberty Mutual Group	State ID Number:
(877) 792-8728 ext. [Phone]	FEIN Number: 39-1341459	

Wausau Business Insurance Company	CoCode: 26069	State of Domicile: Wisconsin
PO BOX 8070	Group Code: 111	Company Type:
Wausau, WI 54402-8070	Group Name: Liberty Mutual Group	State ID Number:
(877) 792-8728 ext. [Phone]	FEIN Number: 36-3522250	

Liberty Mutual Insurance Company	CoCode: 23043	State of Domicile: Massachusetts
PO BOX 8070	Group Code: 111	Company Type:
Wausua, WI 54402-8070	Group Name: Liberty Mutual Group	State ID Number:
(877) 792-8728 ext. [Phone]	FEIN Number: 04-1543470	

Liberty Mutual Fire Insurance Company	CoCode: 23035	State of Domicile: Wisconsin
PO Box 8070	Group Code: 111	Company Type:
Wausau, WI 54402-8070	Group Name: Liberty Mutual Group	State ID Number:
(877) 792-8728 ext. [Phone]	FEIN Number: 04-1924000	

LM Insurance Corporation	CoCode: 33600	State of Domicile: Iowa
PO Box 8070	Group Code: 111	Company Type:

SERFF Tracking Number: LWCM-125751995 State: Arkansas
First Filing Company: Employers Insurance Company of Wausau, ... State Tracking Number: EFT \$125
Company Tracking Number: LW-PKR-CW-001-08
TOI: 05.1 Commercial Multi-Peril - Non-Liability Sub-TOI: 05.1003 Commercial Package
Portion Only
Product Name: Commercial Package Policies
Project Name/Number: Submission of Package Solution Program-Coverage rate and rules /LW-PKR-CW-001-08

Wausau, WI 54402-8070
(877) 792-8728 ext. [Phone]

Group Name: Liberty Mutual Group State ID Number:
FEIN Number: 04-3058504

The First Liberty Insurance Corporation
PO Box 8070
Wausau , WI 54402-8070
(877) 792-8728 ext. [Phone]

CoCode: 33588 State of Domicile: Iowa
Group Code: 111 Company Type:
Group Name: Liberty Mutual Group State ID Number:
FEIN Number: 04-3058503

Liberty Insurance Corporation
PO BOX 8070
Wausau, WI 54402-8070
(877) 792-8728 ext. [Phone]

CoCode: 42404 State of Domicile: Illinois
Group Code: 111 Company Type:
Group Name: Liberty Mutual Group State ID Number:
FEIN Number: 03-0316876

SERFF Tracking Number: LWCM-125751995 State: Arkansas

First Filing Company: Employers Insurance Company of Wausau, ... State Tracking Number: EFT \$125

Company Tracking Number: LW-PKR-CW-001-08

TOI: 05.1 Commercial Multi-Peril - Non-Liability Sub-TOI: 05.1003 Commercial Package Portion Only

Product Name: Commercial Package Policies

Project Name/Number: Submission of Package Solution Program-Coverage rate and rules /LW-PKR-CW-001-08

Filing Fees

Fee Required? No

Retaliatory? No

Fee Explanation:

Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Employers Insurance Company of Wausau	\$0.00	07/30/2008	
Wausau Underwriters Insurance Company	\$0.00	07/30/2008	
Wausau Business Insurance Company	\$0.00	07/30/2008	
Liberty Mutual Insurance Company	\$0.00	07/30/2008	
Liberty Mutual Fire Insurance Company	\$0.00	07/30/2008	
LM Insurance Corporation	\$0.00	07/30/2008	
The First Liberty Insurance Corporation	\$0.00	07/30/2008	
Liberty Insurance Corporation	\$0.00	07/30/2008	
Employers Insurance Company of Wausau	\$125.00	07/31/2008	21710387

SERFF Tracking Number: LWCM-125751995 State: Arkansas

First Filing Company: Employers Insurance Company of Wausau, ... State Tracking Number: EFT \$125

Company Tracking Number: LW-PKR-CW-001-08

TOI: 05.1 Commercial Multi-Peril - Non-Liability Sub-TOI: 05.1003 Commercial Package Portion Only

Product Name: Commercial Package Policies

Project Name/Number: Submission of Package Solution Program-Coverage rate and rules /LW-PKR-CW-001-08

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Exempt from Review	Llyweyia Rawlins	07/31/2008	07/31/2008

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Fee	Note To Reviewer	Marie Exon	07/31/2008	07/31/2008
Rate/Rule Filing Fee	Note To Filer	Llyweyia Rawlins	07/31/2008	07/31/2008

<i>SERFF Tracking Number:</i>	<i>LWCM-125751995</i>	<i>State:</i>	<i>Arkansas</i>
<i>First Filing Company:</i>	<i>Employers Insurance Company of Wausau, ...</i>	<i>State Tracking Number:</i>	<i>EFT \$125</i>
<i>Company Tracking Number:</i>	<i>LW-PKR-CW-001-08</i>		
<i>TOI:</i>	<i>05.1 Commercial Multi-Peril - Non-Liability Portion Only</i>	<i>Sub-TOI:</i>	<i>05.1003 Commercial Package</i>
<i>Product Name:</i>	<i>Commercial Package Policies</i>		
<i>Project Name/Number:</i>	<i>Submission of Package Solution Program-Coverage rate and rules /LW-PKR-CW-001-08</i>		

Disposition

Disposition Date: 07/31/2008

Effective Date (New): 09/01/2008

Effective Date (Renewal): 09/01/2008

Status: Exempt from Review

Comment:

Company Name:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):	Overall % Indicated Change:
Employers Insurance Company of Wausau	0.000%	\$0	0	\$0	0.000%	0.000%	0.000%
Wausau Underwriters Insurance Company	0.000%	\$0	0	\$0	0.000%	0.000%	0.000%
Wausau Business Insurance Company	0.000%	\$0	0	\$0	0.000%	0.000%	0.000%
Liberty Mutual Insurance Company	0.000%	\$0	0	\$0	0.000%	0.000%	0.000%
Liberty Mutual Fire Insurance Company	0.000%	\$0	0	\$0	0.000%	0.000%	0.000%
LM Insurance	0.000%	\$0	0	\$0	0.000%	0.000%	0.000%

<i>SERFF Tracking Number:</i>	<i>LWCM-125751995</i>	<i>State:</i>	<i>Arkansas</i>
<i>First Filing Company:</i>	<i>Employers Insurance Company of Wausau, ...</i>	<i>State Tracking Number:</i>	<i>EFT \$125</i>
<i>Company Tracking Number:</i>	<i>LW-PKR-CW-001-08</i>		
<i>TOI:</i>	<i>05.1 Commercial Multi-Peril - Non-Liability Portion Only</i>	<i>Sub-TOI:</i>	<i>05.1003 Commercial Package</i>
<i>Product Name:</i>	<i>Commercial Package Policies</i>		
<i>Project Name/Number:</i>	<i>Submission of Package Solution Program-Coverage rate and rules /LW-PKR-CW-001-08</i>		

Corporation

The First Liberty Insurance Corporation	0.000%	\$0	0	\$0	0.000%	0.000%	0.000%
Liberty Insurance Corporation	0.000%	\$0	0	\$0	0.000%	0.000%	0.000%

<i>SERFF Tracking Number:</i>	<i>LWCM-125751995</i>	<i>State:</i>	<i>Arkansas</i>
<i>First Filing Company:</i>	<i>Employers Insurance Company of Wausau, ...</i>	<i>State Tracking Number:</i>	<i>EFT \$125</i>
<i>Company Tracking Number:</i>	<i>LW-PKR-CW-001-08</i>		
<i>TOI:</i>	<i>05.1 Commercial Multi-Peril - Non-Liability Portion Only</i>	<i>Sub-TOI:</i>	<i>05.1003 Commercial Package</i>
<i>Product Name:</i>	<i>Commercial Package Policies</i>		
<i>Project Name/Number:</i>	<i>Submission of Package Solution Program-Coverage rate and rules /LW-PKR-CW-001-08</i>		

Overall Rate Information for Multiple Company Filings

Overall Percentage Rate Indicated For This Filing	0.000%
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Overall Percentage Rate Impact For This Filing	0.000%
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Effect of Rate Filing-Written Premium Change For This Program	\$0
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Effect of Rate Filing - Number of Policyholders Affected	0
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SERFF Tracking Number: LWCM-125751995 State: Arkansas

First Filing Company: Employers Insurance Company of Wausau, ... State Tracking Number: EFT \$125

Company Tracking Number: LW-PKR-CW-001-08

TOI: 05.1 Commercial Multi-Peril - Non-Liability Sub-TOI: 05.1003 Commercial Package Portion Only

Product Name: Commercial Package Policies

Project Name/Number: Submission of Package Solution Program-Coverage rate and rules /LW-PKR-CW-001-08

Item Type	Item Name	Item Status	Public Access
Supporting Document	Acturial Memorandum and exhibits	Accepted for Informational Purposes	No
Rate	RULES AND RATING PROCEDURES	Accepted for Informational Purposes	Yes
Rate	APPENDIX	Accepted for Informational Purposes	Yes
Rate	EQUIPMENT BREAKDOWN – RULES AND RATING PROCEDURES	Accepted for Informational Purposes	Yes
Rate	TERRORISM RULES AND RATING PROCEDURES – NON-SFP	Accepted for Informational Purposes	Yes
Rate	RULE 5. POLICYWRITING MINIMUM PREMIUM	Accepted for Informational Purposes	Yes
Rate	RULE 7. PACKAGE MODIFICATION FACTORS	Accepted for Informational Purposes	Yes
Rate	RULE 8. PREMIUM DEVELOPMENT	Accepted for Informational Purposes	Yes
Rate	ENDORSEMENT RULE	Accepted for Informational Purposes	Yes
Rate	ENDORSEMENT RULE	Accepted for Informational Purposes	Yes
Rate	ENDORSEMENT RULE	Accepted for Informational Purposes	Yes
Rate	ENDORSEMENT RULE	Accepted for Informational Purposes	Yes
Rate	ENDORSEMENT RULE	Accepted for Informational Purposes	Yes
Rate	ENDORSEMENT RULE	Accepted for Informational Purposes	Yes
Rate	ENDORSEMENT RULE	Accepted for Informational Purposes	Yes
Rate	ENDORSEMENT RULE	Accepted for Informational Purposes	Yes

SERFF Tracking Number: LWCM-125751995 State: Arkansas
 First Filing Company: Employers Insurance Company of Wausau, ... State Tracking Number: EFT \$125
 Company Tracking Number: LW-PKR-CW-001-08
 TOI: 05.1 Commercial Multi-Peril - Non-Liability Sub-TOI: 05.1003 Commercial Package Portion Only
 Product Name: Commercial Package Policies
 Project Name/Number: Submission of Package Solution Program-Coverage rate and rules /LW-PKR-CW-001-08

Rate	ENDORSEMENT RULE	Accepted for	Yes
		Informational Purposes	
Rate	ENDORSEMENT RULE	Accepted for	Yes
		Informational Purposes	
Rate	ENDORSEMENT RULE	Accepted for	Yes
		Informational Purposes	
Rate	ENDORSEMENT RULE	Accepted for	Yes
		Informational Purposes	
Rate	ENDORSEMENT RULE	Accepted for	Yes
		Informational Purposes	
Rate	ENDORSEMENT RULE	Accepted for	Yes
		Informational Purposes	
Rate	ENDORSEMENT RULE	Accepted for	Yes
		Informational Purposes	
Rate	ENDORSEMENT RULE	Accepted for	Yes
		Informational Purposes	
Rate	ENDORSEMENT RULE	Accepted for	Yes
		Informational Purposes	
Rate	ENDORSEMENT RULE	Accepted for	Yes
		Informational Purposes	
Rate	ENDORSEMENT RULE	Accepted for	Yes
		Informational Purposes	
Rate	ENDORSEMENT RULE	Accepted for	Yes
		Informational Purposes	

<i>SERFF Tracking Number:</i>	<i>LWCM-125751995</i>	<i>State:</i>	<i>Arkansas</i>
<i>First Filing Company:</i>	<i>Employers Insurance Company of Wausau, ...</i>	<i>State Tracking Number:</i>	<i>EFT \$125</i>
<i>Company Tracking Number:</i>	<i>LW-PKR-CW-001-08</i>		
<i>TOI:</i>	<i>05.1 Commercial Multi-Peril - Non-Liability</i>	<i>Sub-TOI:</i>	<i>05.1003 Commercial Package</i>
	<i>Portion Only</i>		
<i>Product Name:</i>	<i>Commercial Package Policies</i>		
<i>Project Name/Number:</i>	<i>Submission of Package Solution Program-Coverage rate and rules /LW-PKR-CW-001-08</i>		

Rate	ENDORSEMENT RULE	Accepted for	Yes
		Informational Purposes	
Rate	ENDORSEMENT RULE	Accepted for	Yes
		Informational Purposes	
Rate	ENDORSEMENT RULE	Accepted for	Yes
		Informational Purposes	
Rate	ENDORSEMENT RULE	Accepted for	Yes
		Informational Purposes	

Note To Reviewer

Marie Exon on 07/31/2008 10:04 AM

Fee

I have submitted \$125.00 through EFT.

Note To Filer

Llyweyia Rawlins on 07/31/2008 09:30 AM

Rate/Rule Filing Fee

There is a \$100 filing fee for rate filings and \$25 for rule filings. When can I expect payment on this filing?

Sincerely,
Llyweyia Rawlins

SERFF Tracking Number:	LWCM-125751995	State:	Arkansas
First Filing Company:	Employers Insurance Company of Wausau, ...	State Tracking Number:	EFT \$125
Company Tracking Number:	LW-PKR-CW-001-08		
TOI:	05.1 Commercial Multi-Peril - Non-Liability Portion Only	Sub-TOI:	05.1003 Commercial Package
Product Name:	Commercial Package Policies		
Project Name/Number:	Submission of Package Solution Program-Coverage rate and rules /LW-PKR-CW-001-08		

Rate Information

Rate data applies to filing.

Filing Method:	FU
Rate Change Type:	
Overall Percentage of Last Rate Revision:	0.000%
Effective Date of Last Rate Revision:	
Filing Method of Last Filing:	0

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):
Employers Insurance Company of Wausau	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%
Wausau Underwriters Insurance Company	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%
Wausau Business Insurance Company	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%
Liberty Mutual Insurance Company	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%
Liberty Mutual Fire	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%

SERFF Tracking Number: *LWCM-125751995* *State:* *Arkansas*
First Filing Company: *Employers Insurance Company of Wausau, ...* *State Tracking Number:* *EFT \$125*
Company Tracking Number: *LW-PKR-CW-001-08*
TOI: *05.1 Commercial Multi-Peril - Non-Liability Portion Only* *Sub-TOI:* *05.1003 Commercial Package*
Product Name: *Commercial Package Policies*
Project Name/Number: *Submission of Package Solution Program-Coverage rate and rules /LW-PKR-CW-001-08*

Insurance Company

LM Insurance Corporation	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%
The First Liberty Insurance Corporation	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%
Liberty Insurance Corporation	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%

<i>SERFF Tracking Number:</i>	<i>LWCM-125751995</i>	<i>State:</i>	<i>Arkansas</i>
<i>First Filing Company:</i>	<i>Employers Insurance Company of Wausau, ...</i>	<i>State Tracking Number:</i>	<i>EFT \$125</i>
<i>Company Tracking Number:</i>	<i>LW-PKR-CW-001-08</i>		
<i>TOI:</i>	<i>05.1 Commercial Multi-Peril - Non-Liability Portion Only</i>	<i>Sub-TOI:</i>	<i>05.1003 Commercial Package</i>
<i>Product Name:</i>	<i>Commercial Package Policies</i>		
<i>Project Name/Number:</i>	<i>Submission of Package Solution Program-Coverage rate and rules /LW-PKR-CW-001-08</i>		

Overall Rate Information for Multiple Company Filings

Overall % Rate Indicated:	0.000%
Overall Percentage Rate Impact For This Filing:	0.000%
Effect of Rate Filing - Written Premium Change For This Program:	\$0
Effect of Rate Filing - Number of Policyholders Affected:	0

SERFF Tracking Number: LWCM-125751995 State: Arkansas

First Filing Company: Employers Insurance Company of Wausau, ... State Tracking Number: EFT \$125

Company Tracking Number: LW-PKR-CW-001-08

TOI: 05.1 Commercial Multi-Peril - Non-Liability Sub-TOI: 05.1003 Commercial Package Portion Only

Product Name: Commercial Package Policies

Project Name/Number: Submission of Package Solution Program-Coverage rate and rules /LW-PKR-CW-001-08

Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Accepted for Informational Purposes	RULES AND RATING PROCEDURES	Rule 1. thru Rule 16.	New	Policy Rules and Rating Procedures.pdf
Accepted for Informational Purposes	APPENDIX	Appendix A thru D	New	Appendix.pdf
Accepted for Informational Purposes	EQUIPMENT BREAKDOWN RULES AND RATING PROCEDURES	Rule 1.	New	Equipment Breakdown Rules and Rating Procedures.pdf
Accepted for Informational Purposes	TERRORISM RULES AND RATING PROCEDURES NON-SFP	Rule 1. thru Rule 2.	New	Terrorism Rules Rating Procedures - Non-SFP.pdf
Accepted for Informational Purposes	RULE 5. POLICYWRITING MINIMUM PREMIUM	CO-EX-Rule 5.1	New	CO-EX-Rule 5.1 Div 9 Exception Page.pdf
Accepted for Informational Purposes	RULE 7. PACKAGE MODIFICATION FACTORS	CO-EX-Rule 7.1	New	CO-EX-Rule 7.1 Div 9 Exception Page.pdf
Accepted for Informational Purposes	RULE 8. PREMIUM DEVELOPMENT	CO-EX-Rule 8.1	New	CO-EX-Rule 8.1 Div 9 Exception Page.pdf

<i>SERFF Tracking Number:</i>	<i>LWCM-125751995</i>	<i>State:</i>	<i>Arkansas</i>
<i>First Filing Company:</i>	<i>Employers Insurance Company of Wausau, ...</i>	<i>State Tracking Number:</i>	<i>EFT \$125</i>
<i>Company Tracking Number:</i>	<i>LW-PKR-CW-001-08</i>		
<i>TOI:</i>	<i>05.1 Commercial Multi-Peril - Non-Liability</i>	<i>Sub-TOI:</i>	<i>05.1003 Commercial Package</i>
	<i>Portion Only</i>		
<i>Product Name:</i>	<i>Commercial Package Policies</i>		
<i>Project Name/Number:</i>	<i>Submission of Package Solution Program-Coverage rate and rules /LW-PKR-CW-001-08</i>		

Purposes

SERFF Tracking Number: LWCM-125751995 State: Arkansas

First Filing Company: Employers Insurance Company of Wausau, ... State Tracking Number: EFT \$125

Company Tracking Number: LW-PKR-CW-001-08

TOI: 05.1 Commercial Multi-Peril - Non-Liability Sub-TOI: 05.1003 Commercial Package Portion Only

Product Name: Commercial Package Policies

Project Name/Number: Submission of Package Solution Program-Coverage rate and rules /LW-PKR-CW-001-08

Accepted for Informational Purposes	ENDORSEMENT RULE	PK 04 01 – ACCOUNTS RECEIVABLE	New	PK 04 01 rule.pdf
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Accepted for Informational Purposes	ENDORSEMENT RULE	PK 04 02 – CONTINENT LOSS OF BUSINESS INCOME OR EXTRA EXPENSE	New	PK 04 02 rule.pdf
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Accepted for Informational Purposes	ENDORSEMENT RULE	PK 04 03 – CONTINGENT LOSS OF BUSINESS INCOME OR EXTRA EXPENSE LEADER LOCATIONS	New	PK 04 03 rule.pdf
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Accepted for Informational Purposes	ENDORSEMENT RULE	PK 04 04 – EARTH MOVEMENT	New	PK 04 04 rule.pdf
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Accepted for Informational Purposes	ENDORSEMENT RULE	PK 04 05 – EARTH MOVEMENT SPRINKLER LEAKAGE	New	PK 04 05 rule.pdf
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SERFF Tracking Number: LWCM-125751995 State: Arkansas

First Filing Company: Employers Insurance Company of Wausau, ... State Tracking Number: EFT \$125

Company Tracking Number: LW-PKR-CW-001-08

TOI: 05.1 Commercial Multi-Peril - Non-Liability Sub-TOI: 05.1003 Commercial Package Portion Only

Product Name: Commercial Package Policies

Project Name/Number: Submission of Package Solution Program-Coverage rate and rules /LW-PKR-CW-001-08

Accepted for Informational Purposes	ENDORSEMENT RULE	PK 04 06 – ERRORS AND OMISSIONS	New	PK 04 06 rule.pdf
Accepted for Informational Purposes	ENDORSEMENT RULE	PK 04 07 – FINE ARTS	New	PK 04 07 rule.pdf
Accepted for Informational Purposes	ENDORSEMENT RULE	PK 04 08 – FLOOD	New	PK 04 08 rule.pdf
Accepted for Informational Purposes	ENDORSEMENT RULE	PK 04 09 – FOOD BORNE CONTAMINATION	New	PK 04 09 rule.pdf
Accepted for Informational Purposes	ENDORSEMENT RULE	PK 04 11 – PACKAGE SOLUTION PLUS™ FOR GREEN ORGANIZATIONS	New	PK 04 11 rule.pdf
Accepted for Informational Purposes	ENDORSEMENT RULE	PK 04 12 – GUEST EMERGENCY EVACUATION DUE TO ORDER BY CIVIL	New	PK 04 12 rule.pdf

<i>SERFF Tracking Number:</i>	<i>LWCM-125751995</i>	<i>State:</i>	<i>Arkansas</i>
<i>First Filing Company:</i>	<i>Employers Insurance Company of Wausau, ...</i>	<i>State Tracking Number:</i>	<i>EFT \$125</i>
<i>Company Tracking Number:</i>	<i>LW-PKR-CW-001-08</i>		
<i>TOI:</i>	<i>05.1 Commercial Multi-Peril - Non-Liability</i>	<i>Sub-TOI:</i>	<i>05.1003 Commercial Package</i>
	<i>Portion Only</i>		
<i>Product Name:</i>	<i>Commercial Package Policies</i>		
<i>Project Name/Number:</i>	<i>Submission of Package Solution Program-Coverage rate and rules /LW-PKR-CW-001-08</i>		

AUTHORITY

SERFF Tracking Number: LWCM-125751995 State: Arkansas

First Filing Company: Employers Insurance Company of Wausau, ... State Tracking Number: EFT \$125

Company Tracking Number: LW-PKR-CW-001-08

TOI: 05.1 Commercial Multi-Peril - Non-Liability Sub-TOI: 05.1003 Commercial Package Portion Only

Product Name: Commercial Package Policies

Project Name/Number: Submission of Package Solution Program-Coverage rate and rules /LW-PKR-CW-001-08

Accepted for Informational Purposes	ENDORSEMENT RULE	PK 04 13 – HOTEL GUEST RELOCATION EXPENSES	New	PK 04 13 rule.pdf
Accepted for Informational Purposes	ENDORSEMENT RULE	PK 04 14 – INTERRUPTION OF SERVICES	New	PK 04 14 rule.pdf
Accepted for Informational Purposes	ENDORSEMENT RULE	PK 04 15 – LOSS OF BUSINESS INCOME – RESEARCH AND DEVELOPMENT	New	PK 04 15 rule.pdf
Accepted for Informational Purposes	ENDORSEMENT RULE	PK 04 16 – LOST MASTER KEY	New	PK 04 16 rule.pdf
Accepted for Informational Purposes	ENDORSEMENT RULE	PK 04 17 – MISCELLANEO US LOCATIONS	New	PK 04 17 rule.pdf
Accepted for Informational Purposes	ENDORSEMENT RULE	PK 04 18 – MOBILE EQUIPMENT OR TOOLS	New	PK 04 18 rule.pdf
Accepted for Informational	ENDORSEMENT RULE	PK 04 19 – PERSONAL	New	PK 04 19 rule.pdf

Purposes	PROPERTY OR PERSONAL PROPERTY OF OTHERS SOLD UNDER AN
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SERFF Tracking Number: LWCM-125751995 State: Arkansas

First Filing Company: Employers Insurance Company of Wausau, ... State Tracking Number: EFT \$125

Company Tracking Number: LW-PKR-CW-001-08

TOI: 05.1 Commercial Multi-Peril - Non-Liability Sub-TOI: 05.1003 Commercial Package Portion Only

Product Name: Commercial Package Policies

Project Name/Number: Submission of Package Solution Program-Coverage rate and rules /LW-PKR-CW-001-08

Accepted for Informational Purposes	ENDORSEMENT RULE	PK 04 20 – PACKAGE SOLUTION PLUS™	New	PK 04 20 rule.pdf
Accepted for Informational Purposes	ENDORSEMENT RULE	PK 04 21 – SPOILAGE OF PERISHABLE GOODS WHILE IN TRANSIT	New	PK 04 21 rule.pdf
Accepted for Informational Purposes	ENDORSEMENT RULE	PK 21 02 – PAYROLL EXPENSE EXCLUSION	New	PK 21 02 rule.pdf
Accepted for Informational Purposes	ENDORSEMENT RULE	PK 21 03 – WIND AND HAIL EXCLUSION	New	PK 21 03 rule.pdf
Accepted for Informational Purposes	ENDORSEMENT RULE	PK 21 04 – WIND ASSOCIATED WITH A NAMED STORM EXCLUSION	New	PK 21 04 rule.pdf
Accepted for Informational Purposes	ENDORSEMENT RULE	PK 22 01 – GREENS, TEES, AND FAIRWAYS	New	PK 22 01 rule.pdf

SERFF Tracking Number: LWCM-125751995 State: Arkansas

First Filing Company: Employers Insurance Company of Wausau, ... State Tracking Number: EFT \$125

Company Tracking Number: LW-PKR-CW-001-08

TOI: 05.1 Commercial Multi-Peril - Non-Liability Sub-TOI: 05.1003 Commercial Package Portion Only

Product Name: Commercial Package Policies

Project Name/Number: Submission of Package Solution Program-Coverage rate and rules /LW-PKR-CW-001-08

Accepted for Informational Purposes	ENDORSEMENT RULE	PK 22 02 – LIVESTOCK	New	PK 22 02 rule.pdf
Accepted for Informational Purposes	ENDORSEMENT RULE	PK 24 06 – PAYROLL EXPENSE FOR SPECIFICALLY DESCRIBED EMPLOYEES	New	PK 24 06 rule.pdf
Accepted for Informational Purposes	ENDORSEMENT RULE	PK 24 07 – PAYROLL EXPENSE LIMITATION	New	PK 24 07 rule.pdf
Accepted for Informational Purposes	ENDORSEMENT RULE	PK 24 11 – WATERCRAFT	New	PK 24 11 rule.pdf
Accepted for Informational Purposes	ENDORSEMENT RULE	PK 25 01 – PEAK SEASON	New	PK 25 01 rule.pdf
Accepted for Informational Purposes	ENDORSEMENT RULE	PK 25 02 – STANDARD EXTENSIONS	New	PK 25 02 rule.pdf

Package Solution™
COMMERCIAL PROPERTY
RULES AND RATING PROCEDURES

**RULE 1.
POLICYWRITING MINIMUM PREMIUM**

Apply a policywriting minimum premium of \$500 regardless of the policy term.

**RULE 2.
ROUNDING RULE**

- A. Round rates, factors and multipliers after the final calculation to three decimal places. Five-tenths or more of a mill shall be considered one mill, for example, .1245 = .125.
- B. The premium for each coverage for which a separate premium is calculated is to be rounded to the nearest whole dollar. Round premiums of \$.50 or over to the next higher whole dollar.

**RULE 3
PREMIUM COMPUTATION**

- A. All rates are per \$100 of coverage, unless otherwise noted.
- B. Compute the annual and midterm premium by applying the rates in effect at the policy effective date.

**RULE 4.
FLAT CHARGES**

Flat charges will be for the term of the policy and not be pro-rated when added or deleted midterm.

**RULE 5.
CANCELLATION AND REDUCTIONS**

- A. A cancelled policy or other evidence of cancellation must be sent to the company.
- B. If a policy, coverage, or amount of insurance is cancelled or an amount of insurance is reduced:
 - 1. By the company:

The return premium, other than flat charges, must be computed pro rata (and rounded to the next higher whole dollar).
 - 2. By the insured:

Compute return premium, other than flat charges, at .9 of the pro rata unearned premium for the remaining term of the policy;
- C. Cancellation of mandatory coverages is not permitted unless the entire policy is canceled.

Package Solution™
COMMERCIAL PROPERTY
RULES AND RATING PROCEDURES

RULE 6.
CONDITIONS NOT COVERED BY RULES – (a) RATES

- A. The company may authorize and approve special rates or policy conditions on specifically submitted cases not covered by these rules, including but not limited to: modifying an exclusion, property not covered provision, adding additional coverages not otherwise provided, other special extensions or reductions in coverages.
- B. Each special rate or policy condition is to be carefully reviewed and supported by documentation. An additional premium or credit will be assessed according to the exposure.
- C. The underwriter is to complete each part of the *Package Solution™ (a) Rate Documentation* and retain the completed form in the Underwriting File.

RULE 7.
PRICING STRUCTURE

The pricing structure employed uses a layered approach building from a base rate, then incorporating catastrophe perils and other coverages. The rates are composed of loss costs that have been modified based on specific criteria.

RULE 8.
LOSS COSTS

The following tables represent the loss costs for adequately sprinkler protected, deficiently sprinkler protected and non-sprinkler protected risks within varying Public Protection Class ranges.

Public Protection	Sprinkler Protection				
Class 1 - 4	Combustibility Code				
Construction	C1	C2	C3	C4	C5
FR	0.036	0.040	0.046	0.059	0.091
MFR	0.042	0.046	0.053	0.069	0.105
MNC	0.047	0.051	0.059	0.076	0.117
NC	0.051	0.056	0.064	0.083	0.127
JM	0.061	0.067	0.077	0.099	0.152
F	0.079	0.087	0.100	0.130	0.199

Public Protection	Sprinkler Protection				
Class 5 - 6	Combustibility Code				
Construction	C1	C2	C3	C4	C5
FR	0.038	0.042	0.048	0.062	0.096
MFR	0.044	0.049	0.056	0.072	0.110
MNC	0.049	0.054	0.062	0.080	0.122
NC	0.053	0.058	0.067	0.087	0.133
JM	0.064	0.070	0.081	0.104	0.160
F	0.083	0.092	0.106	0.136	0.209

Package Solution™
COMMERCIAL PROPERTY
RULES AND RATING PROCEDURES

**RULE 8.
LOSS COSTS (Continued)**

Public Protection	Sprinkler Protection				
Class 7 - 8	Combustibility Code				
Construction	C1	C2	C3	C4	C5
FR	0.045	0.050	0.057	0.074	0.113
MFR	0.052	0.057	0.066	0.085	0.130
MNC	0.058	0.064	0.073	0.094	0.145
NC	0.063	0.069	0.079	0.102	0.157
JM	0.075	0.083	0.095	0.123	0.189
F	0.098	0.108	0.125	0.161	0.247

Public Protection	Sprinkler Protection				
Class 9 - 10	Combustibility Code				
Construction	C1	C2	C3	C4	C5
FR	0.058	0.064	0.074	0.095	0.146
MFR	0.067	0.074	0.085	0.110	0.168
MNC	0.074	0.082	0.094	0.122	0.187
NC	0.081	0.089	0.102	0.132	0.203
JM	0.097	0.107	0.123	0.159	0.243
F	0.127	0.140	0.161	0.207	0.318

Public Protection	Deficient Sprinkler Protection				
Class 1 - 4	Combustibility Code				
Construction	C1	C2	C3	C4	C5
FR	0.049	0.054	0.062	0.080	0.123
MFR	0.057	0.062	0.072	0.093	0.142
MNC	0.063	0.069	0.079	0.103	0.157
NC	0.068	0.075	0.086	0.111	0.171
JM	0.082	0.090	0.104	0.134	0.205
F	0.107	0.118	0.138	0.175	0.269

Public Protection	Deficient Sprinkler Protection				
Class 5 - 6	Combustibility Code				
Construction	C1	C2	C3	C4	C5
FR	0.052	0.057	0.065	0.084	0.129
MFR	0.059	0.066	0.075	0.097	0.149
MNC	0.066	0.073	0.083	0.108	0.165
NC	0.072	0.079	0.091	0.117	0.180
JM	0.086	0.095	0.109	0.140	0.216
F	0.113	0.124	0.142	0.184	0.282

Package Solution™
COMMERCIAL PROPERTY
RULES AND RATING PROCEDURES

RULE 8.
LOSS COSTS (Continued)

Public Protection	Deficient Sprinkler Protection				
Class 7 - 8	Combustibility Code				
Construction	C1	C2	C3	C4	C5
FR	0.061	0.067	0.077	0.100	0.153
MFR	0.070	0.077	0.089	0.115	0.176
MNC	0.078	0.086	0.099	0.127	0.195
NC	0.085	0.093	0.107	0.138	0.212
JM	0.102	0.112	0.129	0.166	0.255
F	0.133	0.146	0.168	0.217	0.333

Public Protection	Deficient Sprinkler Protection				
Class 9 - 10	Combustibility Code				
Construction	C1	C2	C3	C4	C5
FR	0.079	0.087	0.100	0.128	0.197
MFR	0.091	0.100	0.115	0.148	0.227
MNC	0.100	0.111	0.127	0.164	0.252
NC	0.109	0.120	0.138	0.178	0.274
JM	0.131	0.144	0.166	0.214	0.328
F	0.171	0.189	0.217	0.280	0.430

Public Protection	No Sprinkler Protection				
Class 1 - 4	Combustibility Code				
Construction	C1	C2	C3	C4	C5
FR	0.061	0.067	0.077	0.099	0.152
MFR	0.070	0.077	0.089	0.114	0.176
MNC	0.078	0.086	0.098	0.127	0.195
NC	0.084	0.093	0.107	0.138	0.212
JM	0.101	0.112	0.128	0.165	0.254
F	0.133	0.146	0.168	0.216	0.332

Public Protection	No Sprinkler Protection				
Class 5 - 6	Combustibility Code				
Construction	C1	C2	C3	C4	C5
FR	0.064	0.070	0.081	0.104	0.160
MFR	0.074	0.081	0.093	0.120	0.184
MNC	0.082	0.090	0.103	0.133	0.204
NC	0.089	0.098	0.112	0.145	0.222
JM	0.106	0.117	0.135	0.174	0.267
F	0.139	0.153	0.176	0.227	0.349

Package Solution™
COMMERCIAL PROPERTY
RULES AND RATING PROCEDURES

RULE 8.
LOSS COSTS (Continued)

Public Protection	No Sprinkler Protection				
Class 7 - 8	Combustibility Code				
Construction	C1	C2	C3	C4	C5
FR	0.075	0.083	0.095	0.123	0.189
MFR	0.087	0.096	0.110	0.142	0.218
MNC	0.096	0.106	0.122	0.157	0.241
NC	0.105	0.115	0.133	0.171	0.262
JM	0.126	0.138	0.159	0.205	0.315
F	0.164	0.181	0.208	0.268	0.412

Public Protection	No Sprinkler Protection				
Class 9 - 10	Combustibility Code				
Construction	C1	C2	C3	C4	C5
FR	0.097	0.107	0.123	0.159	0.244
MFR	0.112	0.123	0.142	0.183	0.281
MNC	0.124	0.137	0.157	0.203	0.312
NC	0.135	0.149	0.171	0.221	0.339
JM	0.162	0.179	0.205	0.265	0.406
F	0.212	0.234	0.268	0.346	0.532

RULE 9.
LOSS COST MODIFICATION FACTORS

This rating plan uses a series of factors to adjust the loss cost for occupancy differences, regional differences, deductibles, experience rating and location quality.

A. Industry Relativity Factor

The loss cost is multiplied by the industry factor from the table below:

SIC	SIC Description	Factor
Agriculture, Forestry and Fishing		
01	Agricultural Production – Crops	1.20
02	Agricultural Production – Livestock	1.20
07	Agricultural Services	1.20
08	Forestry	1.20
09	Fishing, Hunting and Trapping	1.20

Package Solution™
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RULE 9.
LOSS COST MODIFICATION FACTORS (Continued)

SIC	SIC Description	Factor
Mining		
10	Metal Mining	1.20
12	Coal Mining	1.30
13	Oil and Gas Extraction	1.30
14	Nonmetallic Minerals, Except Fuels	1.10
Construction		
15	General Building Contractors	1.20
16	Heavy Construction, Except Building	1.10
17	Specialty Trade Contractors	1.05
Manufacturing		
20	Food and Kindred Products	1.00
21	Tobacco Products	1.10
22	Textile Mill Products	1.10
23	Apparel and Other Textile Products	1.00
24	Lumber and Wood Products	1.10
25	Furniture and Fixtures	0.95
26	Paper and Allied Products	1.10
27	Printing and Publishing	0.95
28	Chemical and Allied Products	1.15
29	Petroleum and Coal Products	1.30
30	Rubber and Miscellaneous Plastics Products	1.20
31	Leather and Leather Products	1.00
32	Stone, Clay and Glass Products	1.00
33	Primary Metal Industries	1.00
34	Fabricated Metal Products	0.90
35	Industrial Machinery and Equipment	0.90
36	Electronic and Other Electric Equipment	0.90
37	Transportation Equipment	1.10
38	Instruments and Related Products	0.90
39	Miscellaneous Manufacturing Industries	0.95
Transportation and Public Utilities		
40	Railroad Transportation	1.10
41	Local and Interurban Passenger Transit	1.10
42	Trucking and Warehousing	1.10
43	U.S. Postal Service	1.10
44	Water Transportation	1.10
45	Transportation by Air	1.10
46	Pipelines, Except Natural Gas	1.20
47	Transportation Services	1.00
48	Communication	1.00
49	Electric, Gas and Sanitary Services	1.00

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RULE 9.
LOSS COST MODIFICATION FACTORS (Continued)

SIC	SIC Description	Factor
Wholesale Trade		
50	Wholesale Trade - Durable Goods	0.90
51	Wholesale Trade - Nondurable Goods	0.95
Retail Trade		
52	Building Materials and Garden Supplies	1.00
53	General Merchandise Stores	0.90
54	Food Stores	1.00
55	Automotive Dealers and Service Stations	1.00
56	Apparel and Accessory Stores	1.00
57	Furniture and Homefurnishings Stores	1.00
58	Eating and Drinking Places	1.00
59	Miscellaneous Retail	1.00
Finance, Insurance and Real Estate		
60	Depository Institutions	0.90
61	Nondepository Institutions	0.90
62	Security and Commodity Brokers	0.80
63	Insurance Carriers	0.80
64	Insurance Agents, Brokers and Service	0.80
65	Real Estate	0.80
67	Holding and Other Investment Offices	0.90
Services		
70	Hotels and Other Lodging Places	1.00
72	Personal Services	1.00
73	Business Services	0.90
75	Auto Repair, Services and Parking	0.90
76	Miscellaneous Repair Services	0.90
78	Motion Pictures	0.90
79	Amusement and Recreation Services	0.95
80	Health Services	0.90
81	Legal Services	0.80
82	Educational Services	0.90
83	Social Services	0.90
84	Museums, Botanical, Zoological Gardens	1.00
86	Membership Organizations	0.95
87	Engineering and Management Services	0.90
88	Private Households	1.20
89	Services (not elsewhere classified)	1.00

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COMMERCIAL PROPERTY
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RULE 9.
LOSS COST MODIFICATION FACTORS (Continued)

SIC	SIC Description	Factor
Public Administration		
91	Executive, Legislative and General	1.00
92	Justice, Public Order and Safety	1.00
93	Finance, Taxation and Monetary Policy	1.00
94	Administration of Human Resources	1.00
95	Environmental Quality and Housing	1.00
96	Administration of Economic Programs	1.00
97	National Security and International Affairs	1.00
Nonclassifiable Establishments		
99	Nonclassifiable Establishments	1.00

B. State Relativity Factor

The following table shows the loss cost factor for each regional grouping:

Region	State	Multiplier
West Coast	CA, OR, WA	0.85
Southeast	AL, FL, GA, NC, SC	0.88
Mid-Atlantic	DC, DE, MD, NJ, NY, PA, VA, WV	0.93
New England	CT, MA, ME, NH, RI, VT	0.97
West	AZ, CO, ID, MT, ND, NM, NV, SD, UT, WY	1.00
Non-Continental	AK, HI, PR	1.00
Upper Midwest	MI, MN, WI	0.95
Central and Plains	AR, IA, IL, IN, KS, KY, LA, MO, MS, NE, OH, OK, TN, TX	1.05

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COMMERCIAL PROPERTY
RULES AND RATING PROCEDURES

RULE 9.
LOSS COST MODIFICATION FACTORS (Continued)

C. Deductible Factors

The following table of factors applies according to deductible:

Deductible	TIV Limit (millions)						
	<=5	10	25	50	75	100	250
500	1.35	1.30	1.25	1.20	1.15	1.10	1.05
1,000	1.25	1.21	1.18	1.14	1.11	1.07	1.04
2,500	1.08	1.07	1.05	1.04	1.04	1.03	1.02
5,000	1.00	1.00	1.00	1.00	1.00	1.00	1.00
10,000	0.89	0.91	0.93	0.95	0.96	0.97	0.98
25,000	0.75	0.77	0.80	0.85	0.87	0.89	0.93
50,000	0.72	0.73	0.73	0.77	0.78	0.82	0.88
75,000	0.70	0.71	0.71	0.74	0.75	0.78	0.85
100,000	0.69	0.69	0.70	0.71	0.73	0.76	0.83
250,000	0.66	0.66	0.67	0.68	0.68	0.69	0.73
500,000	0.62	0.62	0.63	0.63	0.64	0.64	0.65
1,000,000	0.55	0.55	0.55	0.55	0.56	0.56	0.56

D. Experience Rating Modifier

1. The non-catastrophe loss cost is to be modified based on the Insured's historical experience according to the following formula. The last five years of experience should be utilized in the formula below. If five years of experience are not available, as few as three years may be used.

$$\text{EXP (Experience Rating Modifier)} = \text{HLC} / \text{ELC} \times Z + 1 - Z$$

Where:

$$\text{HLC (Historical Loss Cost)} = \text{Non-catastrophe historical losses} / \text{Estimated total insured value for the insured during experience period (HTIV)}$$

$$\text{ELC (total Expected Loss Cost for the insured)} = \text{Average (BLC* x NCRF**) over all locations}$$

* BLC (Base Loss Cost)

** NCRF (Non-Catastrophe Rating Factor) = Ind Rel x State Rel x Ded Factor

$$Z (\text{credibility factor}) = \text{SQRT} (\text{HTIV} / 100,000,000)$$

2. The experience rating modifier will be limited to +/- 25%.

E. Location Quality Modifiers

1. Within each classification of construction and combustibility, there are varying degrees of risk quality. Factors that contribute to the risk quality will be based on what degree the location under consideration meets or exceeds the criteria making up each factor.

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RULES AND RATING PROCEDURES

RULE 9.
LOSS COST MODIFICATION FACTORS (Continued)

- a. **Management's attitude and interest in loss prevention:** Active safety committees, certified safety professionals on location, regularly scheduled meetings, publicly posted records and information.
- b. **Safety plans and incentives:** Location specific contingency and recovery plans, employee incentives and recognition programs.
- c. **Outstanding or incomplete recommendations:** No recommendations needed, recommendations in progress, short range and long range plans to accomplish recommendations, non-compliance.
- d. **Maintenance levels and staffing:** Adequately sized and trained maintenance staff to handle routine maintenance. Scheduled and documented maintenance plans.
- e. **Building Features:** Age, condition, unusual structural features.
- f. **Housekeeping:** No special hazards such as painting, dipping, drying of parts or handling and storage of flammable liquids or hazardous chemicals on site. For warehouses, no high piled stock. No other tenants present, location is easily accessible with control of water supply.
- g. **Probable Loss Severity:** The relationship of the Probable Maximum Loss (PML) to the location value will be considered.

2. The following table provides modification factors based on the above criteria:

Criteria	% Amt -(CR) / +(DB)
Management Attitude/Interest	10%
Safety Plans	10%
Outstanding Recommendations	10%
Maintenance Levels and Staffing	10%
Building Features	10%
Housekeeping	10%
Probable Loss Severity	10%

3. Location Quality Modifier = 1 + the Sum of (Location Quality Credits and Debits)

Modified Loss Cost = Loss Cost x Industry Relativity Factor x State Relativity Factor x
Deductible Factor x Experience Rating Modifier x Location Quality
Modifier

RULE 10.
DETERMINATION OF BASE RATE FROM THE MODIFIED LOSS COSTS

The general formula to generate a base rate from the loss costs is the following:

Base Rate = Modified Loss Cost x Loss Cost Multiplier

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RULES AND RATING PROCEDURES

**RULE 11.
CALCULATION OF PREMIUM**

The base rate premium for each location is determined by multiplying the base rate by the total insured value (TIV) for that location divided by 100.

$$\text{Premium} = \text{Base Rate} \times \text{TIV} / 100$$

**RULE 12.
PACKAGE MODIFICATION FACTOR**

The formula to generate all risk premium is as follows:

$$\text{All Risk Premium} = \text{Premium} \times \text{Package Modification Factor}$$

**RULE 13.
CATASTROPHE COVERAGE**

The following loss costs apply to wind (named storm) catastrophe peril, based on geographic location. Loss Costs for the perils of wind (named storm) were selected from results of model data. Adjustments for deductibles and sublimits of liability are made based on application of the Catastrophe Premium Allocation Table (see Appendix A).

Catastrophe peril deductibles may be expressed as a percentage of values exposed, subject to damage (i.e. 1%, 2%, 3%, 4%, 5% or 10%) or as a flat dollar amount.

A. Wind (Named Storm) Coverage

1. Wind (Named Storm) loss costs are applied by county. The following table identifies the Wind (Named Storm) loss costs by state and county:

ST	County	LC
AL	CLARKE	0.010
AL	GENEVA, MONROE	0.020
AL	COVINGTON, ESCAMBIA, WASHINGTON	0.074
AL	BALDWIN, MOBILE	0.386
CT	HARTFORD, LITCHFIELD, TOLLAND, WINDHAM	0.010
CT	FAIRFIELD, MIDDLESEX, NEW HAVEN, NEW LONDON	0.013
DE	KENT, NEW CASTLE	0.010
DE	SUSSEX	0.023
FL	BAKER, BRADFORD, CLAY, COLUMBIA, GADSDEN, HAMILTON, LEON, PUTNAM, UNION	0.050
FL	LAKE, MARION, ORANGE, OSCEOLA, POLK, SEMINOLE, SUMTER	0.062
FL	ALACHUA, DE SOTO, GILCHRIST, GLADES, HARDEE, HENDRY, HIGHLANDS, LAFAYETTE, MADISON, OKEECHOBEE, SUWANNEE	0.074
FL	DUVAL, NASSAU, SAINT JOHNS	0.081
FL	CALHOUN, HOLMES, JACKSON, LIBERTY	0.116
FL	CITRUS, HERNANDO, HILLSBOROUGH, JEFFERSON, LEVY, PASCO, WAKULLA, WASHINGTON	0.119
FL	FLAGLER, VOLUSIA	0.149

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COMMERCIAL PROPERTY
RULES AND RATING PROCEDURES

RULE 13.
CATASTROPHE COVERAGE (Continued)

ST	County	LC
FL	BREVARD, INDIAN RIVER, MARTIN, SAINT LUCIE	0.206
FL	CHARLOTTE, COLLIER, DIXIE, LEE, MANATEE, PINELLAS, SARASOTA, TAYLOR	0.247
FL	BROWARD, PALM BEACH	0.302
FL	BAY, ESCAMBIA, FRANKLIN, GULF, OKALOOSA, SANTA ROSA, WALTON	0.386
FL	MIAMI DADE, MONROE	0.454
GA	BROOKS, BULLOCH, EVANS, TATTNALL, THOMAS	0.010
GA	BRANTLEY, CHARLTON, EFFINGHAM, LONG, WAYNE	0.018
GA	BRYAN, CAMDEN, CHATHAM, GLYNN, LIBERTY, MCINTOSH	0.091
HI	HAWAIIAN ISLANDS	0.302
LA	ASCENSION, LIVINGSTON, TANGIPAHOA, WASHINGTON	0.022
LA	ACADIA, ALLEN, ASSUMPTION, BEAUREGARD, CALCASIEU, EAST BATON ROUGE, EAST FELICIANA, EVANGELINE, IBERVILLE, JEFFERSON DAVIS, LAFAYETTE, POINT COUPEE, ST. CHARLES, ST. JAMES, ST. MARTIN, ST. JOHN THE BAPTIST, ST. HELENA, ST. LANDRY, WEST BATON, ROUGE, WEST FELICIANA	0.048
LA	ORLEANS, SAINT BERNARD, SAINT TAMMANY	0.111
LA	CAMERON, IBERIA, JEFFERSON, LAFOURCHE, PLAQUEMINES, ST. MARY, TERREBONNE, VERMILION	0.252
MA	ESSEX, MIDDLESEX, NORFOLK, SUFFOLK, WORCESTER	0.011
MA	BARNSTABLE, BRISTOL, DUKES, NANTUCKET, PLYMOUTH	0.027
MD	ANNE ARUNDEL, BALTIMORE CITY, BALTIMORE, CALVERT, CAROLINE, CECIL, CHARLES, DORCHESTER, HARFORD, HOWARD, KENT, MONTGOMERY, PRINCE GEORGE'S, QUEEN ANNE'S, SAINT MARY'S, SOMERSET, TALBOT, WICOMICO, WORCHESTER	0.028
ME	ANDROSCOGGIN, AROOSTOOK, KENNEBEC, OXFORD	0.005
ME	CUMBERLAND, HANCOCK, KNOX, LINCOLN, PENOBSCOT, SAGADAHOC, WALDO, WASHINGTON, YORK	0.007
MS	AMITE, AMRIO, FORREST, GEORGE, GREEN, LAMAR, PEARL RIVER, PERRY, PIKE, STONE, WALTHALL, WILKINSON	0.042
MS	HANCOCK, HARRISON, JACKSON	0.218
NC	HALIFAX, NORTHAMPTON	0.010
NC	GATES, GREENE, HERTFORD, HOKE, LENOIR, MARTIN, PITT, SCOTLAND, WAYNE, WILSON	0.021
NC	BLADEN, COLUMBUS, CRAVEN, CUMBERLAND, DUPLIN, EDGEcombe, HARNETT, JOHNSTON, JONES, ROBESON, SAMPSON	0.048
NC	BEAUFORT, BERTIE, CAMDEN, CHOWAN, CURRITUCK, DARE, HYDE, PAMLICO, PASQUOTANK, PERQUIMANS, TYRRELL, WASHINGTON	0.129
NC	BRUNSWICK, CARTERET, NEW HANOVER, ONSLOW, PENDER	0.228

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COMMERCIAL PROPERTY
RULES AND RATING PROCEDURES

RULE 13.
CATASTROPHE COVERAGE (Continued)

ST	County	LC
NH	CARROLL, HILLSBOROUGH, MERRIMACK, STRAFFORD	0.005
NH	ROCKINGHAM	0.009
NJ	BERGEN, CAMDEN, GLOUCESTER, MERCER, MORRIS, PASSAIC, SALEM, SOMERSET	0.005
NJ	ATLANTIC, BURLINGTON, CAPE MAY, CUMBERLAND, ESSEX, HUDSON, MIDDLESEX, MONMOUTH, OCEAN, UNION	0.015
NY	DUTCHESS, PUTNAM, ROCKLAND, WESTCHESTER	0.005
NY	BRONX, KINGS, NEW YORK, QUEENS, RICHMOND	0.016
NY	NASSAU, SUFFOLK	0.036
PA	BUCKS, DELAWARE, PHILADELPHIA	0.005
PR	PUERTO RICO	0.454
RI	KENT, PROVIDENCE	0.010
RI	BRISTOL, NEWPORT, WASHINGTON	0.025
SC	BAMBERG	0.010
SC	HAMPTON	0.032
SC	ALLENDALE, BARNWELL, BERKELEY, CLARENDON, DARLINGTON, DILLON, DORCHESTER, FLORENCE, LEE, MARION, MARLBORO, ORANGEBURG, SUMTER, WILLIAMSBURG	0.053
SC	BEAUFORT, COLLETON, JASPER	0.167
SC	CHARLESTON, GEORGETOWN, HORRY	0.317
TX	COLORADO, JASPER, LAVACA, NEWTON	0.010
TX	AUSTIN, BROOKS, DUVAL, HIDALGO, JIM HOGG, KARNES, MCMULLEN, MONTGOMERY, POLK, SAN JACINTO, STARR WELLER	0.018
TX	DE WITT	0.030
TX	BEE, FORT BEND, GOLIAD, HARDIN, HARRIS, JIM WELLS, LIBERTY, LIVE OAK, TYLER, VICTORIA, WHARTON	0.045
TX	CAMERON, JACKSON, KENEDY, ORANGE, WILLACY	0.110
TX	BRAZORIA, CALHOUN, CHAMBERS, GALVESTON, JEFFERSON, MATAGORDA, REFUGIO	0.255
TX	ARANSAS, KLEBERG, NUECES, SAN PATRICIO	0.365
VA	CAROLINE, CHARLES CITY, ESSEX, ISLE OF WIGHT, JAMES CITY, KING AND QUEEN, KING GEORGE, KING WILLIAM, NEW KENT, PRINCE GEORGE, RICHMOND, SUFFOLK CITY, SURRY, WESTMORELAND	0.005
VA	CHESAPEAKE CITY	0.020
VA	ACCOMACK, ALEXANDRIA, ARLINGTON, FAIRFAX, FREDERICKSBURG, GLOUCESTER, HAMPTON CITY, LANCASTER, MATHEWS, MIDDLESEX, NEWPORT NEWS CITY, NORFOLK CITY, NORTHAMPTON, NORTHUMBERLAND, POQUOSON CITY, PORTSMOUTH CITY, PRINCE WILLIAM, STAFFORD, WILLIAMSBURG CITY. YORK	0.035
VA	VIRGINIA BEACH	0.053

RULE 13.
CATASTROPHE COVERAGE (*Continued*)

2. Each location is considered separately.
3. Building Height Credit Factor:
 - a. For low-rise buildings (<4 stories), apply a factor of 1.00.
 - b. For mid-rise buildings (4-8 stories), apply a factor of 0.85.
 - c. For high-rise buildings (>8 stories), apply a factor of 0.70.
4. Building Construction Debit Factor:
 - a. For frame (F) construction, apply a factor of 1.75.
 - b. For noncombustible (NC) construction, apply a factor of 1.25.
 - c. For all other construction, apply a factor of 1.00.
5. Wind (Named Storm) Characteristics Factor:

In consideration of features at risk, apply a factor ranging from 0.75 to 1.50.
6. Deductible Credit Factor:

Deductible Value / Total Insurable Value (per table look up - see Appendix A).
7. Limit Factor (if applicable – if sub-limit factor not applicable then limit factor equals 1):

(Sublimit Amount + Deductible Value) / Total Insurable Value (per table look up - see Appendix A).

 - a. Rating Example:

TIV = \$25M
Deductible = 2%
Sublimit of Liability = \$10M
 - b. Deductible Factor Determination:
 - (1) 2% of TIV;
 - (2) Deductible factor = 19.35% (0.1935).
 - c. Limit Factor Determination:
 - (1) \$25M x 0.02 = \$500,000 [Deductible Value];
 - (2) (\$10,000,000+\$500,000) / \$25,000,000 = 42%.

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RULES AND RATING PROCEDURES

RULE 13.
CATASTROPHE COVERAGE (*Continued*)

8. Calculation of the Wind (Named Storm) Rate and Premium:

Modified Wind (Named Storm) LC = Wind (Named Storm) LC x Building Height Credit Factor x Building Construction Debit Factor x Wind (Named Storm) Characteristics Factor x (Limit factor - Deductible factor)

Wind (Named Storm) Rate = Modified Wind (Named Storm) Loss Cost x Loss Cost Multiplier

Wind (Named Storm) Premium = Wind (Named Storm) Rate x TIV / 100

RULE 14.
ADDITIONAL NON-CATASTROPHE COVERAGES

A. Extra Expense

COVERAGES, Form PK 10 01, allows for Extra Expense coverage, generally subject to a stated limit of liability.

Associated premium charge: $[2 \times \text{Base Rate} \times \text{Limit of Liability} / 100]$

- B. Optional Extensions of Coverage of EXTENSIONS OF COVERAGE, Form PK 10 02 - Applicable only if sublimit(s) of liability is specified in DECLARATIONS, Form PK 10 00.**

1. New Locations – Item **D.4.a.** on DECLARATIONS, Form PK 10 00.

Charge according to the following table for sublimit provided:

Sublimit of Liability	Flat Charge Premium
\$ 250,000	\$ 200
\$ 500,000	\$ 300
\$1,000,000	\$ 500
\$2,000,000	\$1,000
\$2,500,000	\$1,250
\$5,000,000	\$2,500
Greater than \$5,000,000	Refer to Home Office

2. Demolition Cost, Increased Construction Cost and Operation of Building Laws – Items **D.4.b.**, **D.4.c.** and **D.4.d.** on DECLARATIONS, Form PK 10 00.

This extension of coverage allows for the provision of Demolition Cost, Increased Construction Cost and Operation of Building Laws, subject to stated sublimits of liability.

Associated premium charge: $[25.0\% \times \text{Base Rate} \times \text{Sublimit} / 100]$ for each of the applicable sublimits purchased.

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RULES AND RATING PROCEDURES

RULE 14.
ADDITIONAL NON-CATASTROPHE COVERAGES (*Continued*)

3. Personal Property In The Custody of Salespeople – Item **D.4.e.** on DECLARATIONS, Form PK 10 00.

Charge according to the following table for sublimit provided:

Sublimit of Liability	Flat Charge Premium
\$ 50,000	\$ 50
\$ 100,000	\$ 100
\$ 250,000	\$ 250
\$ 500,000	\$ 500
\$1,000,000	\$1,000

4. Personal Property in Transit – Item **D.4.f.** on DECLARATIONS, Form PK 10 00.

This option allows for the provision of Personal Property coverage while in transit, generally subject to a per conveyance sublimit of liability.

Associated premium charge:

Sublimit of Liability	Flat Charge Premium
\$ 50,000	\$ 50
\$ 100,000	\$ 100
\$ 250,000	\$ 250
\$ 500,000	\$ 500
\$1,000,000	\$1,000

5. Unscheduled Locations – Item **D.4.g.** on DECLARATIONS, Form PK 10 00.

This option can be used to provide coverage for locations scheduled on the Statement of Values from the insured, yet because of their small size it is not desirable to schedule on the policy.

Associated premium charge: $\text{Base Rate} \times \text{Limit of Liability} / 100$

C. Additional Coverage Premium = the Sum of the optional endorsements selected by the insured.

D. Terrorism Endorsements

Refer to the Terrorism Rules and Rating Procedures topic.

E. Equipment Breakdown Endorsements

Refer to the Equipment Breakdown Rules and Rating Procedures topic.

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COMMERCIAL PROPERTY
RULES AND RATING PROCEDURES

RULE 15.
ACCOUNT RISK PREMIUM MODIFICATION PLAN

- A. In addition to single location quality, the plan provides factors that may be used to modify the account premium based on the overall quality. These account quality factors take into consideration the underwriter's evaluation of the whole account (schedule of locations).

Criteria	% Amt -(CR) / +(DB)
Desirability of industry segment	10%
Cooperative nature of management	10%
Efficiency and redundancy of operations, ability to recover from interruptions	10%
Overall employee selection, training, supervision, and experience	10%
Expense not realized in rating algorithm	10%

- B. Factors are applied in an additive manner
- C. **Account Quality Modifier** = 1 + the Sum Of (Account Quality Credits and Debits)
- D. Some policies warrant reinsurance support in order to comply with company net retention guidelines. When applicable, additional costs associated with the purchase of additional capacity will be charged accordingly:

Excess Limits Cost	Percent
Excess Limits	0 - .25

RULE 16.
FINAL PREMIUM CALCULATION

The final premium is calculated by summing the premium for each coverage (as applicable) across all locations and applying the account quality modifier and the excess limits charge (if applicable) as follows:

Final Premium = (All Risk Premium + Wind (Named Storm) Premium + Earth Movement Premium + Flood Premium + Additional Coverages Premium, excluding Flat Charges) x Account Quality Modifier x (1 + Excess Limits Cost) + Flat Charges + Terrorism Risk Insurance Act (TRIA) Premium + Equipment Breakdown Premium

Package Solution™

COMMERCIAL PROPERTY SECTION

APPENDIX

Appendix A

Catastrophe Premium Allocation Table

Deductible Value	Layer Allocation	Deductible Value	Layer Allocation	Deductible Value	Layer Allocation	Deductible Value	Layer Allocation
0.00%	0.00%	18.00%	71.64%	50.00%	95.89%	82.00%	99.81%
0.10%	1.00%	19.00%	73.23%	51.00%	96.17%	83.00%	99.84%
0.20%	2.30%	20.00%	74.72%	52.00%	96.43%	84.00%	99.86%
0.30%	3.60%	21.00%	76.12%	53.00%	96.67%	85.00%	99.88%
0.40%	4.90%	22.00%	77.45%	54.00%	96.91%	86.00%	99.90%
0.50%	6.49%	23.00%	78.70%	55.00%	97.13%	87.00%	99.92%
1.00%	11.40%	24.00%	79.88%	56.00%	97.33%	88.00%	99.94%
1.50%	15.61%	25.00%	80.99%	57.00%	97.53%	89.00%	99.95%
2.00%	19.35%	26.00%	82.05%	58.00%	97.71%	90.00%	99.96%
2.50%	22.75%	27.00%	83.04%	59.00%	97.88%	91.00%	99.97%
3.00%	25.86%	28.00%	83.99%	60.00%	98.04%	92.00%	99.98%
3.50%	28.74%	29.00%	84.88%	61.00%	98.20%	93.00%	99.98%
4.00%	31.43%	30.00%	85.73%	62.00%	98.34%	94.00%	99.99%
4.50%	33.94%	31.00%	86.54%	63.00%	98.47%	95.00%	99.99%
5.00%	36.31%	32.00%	87.30%	64.00%	98.60%	96.00%	100.00%
5.50%	38.54%	33.00%	88.02%	65.00%	98.72%	97.00%	100.00%
6.00%	40.65%	34.00%	88.70%	66.00%	98.83%	98.00%	100.00%
6.50%	42.65%	35.00%	89.35%	67.00%	98.93%	99.00%	100.00%
7.00%	44.56%	36.00%	89.97%	68.00%	99.03%	100.00%	100.00%
7.50%	46.38%	37.00%	90.55%	69.00%	99.12%		
8.00%	48.11%	38.00%	91.11%	70.00%	99.20%		
8.50%	49.77%	39.00%	91.64%	71.00%	99.28%		
9.00%	51.35%	40.00%	92.13%	72.00%	99.35%		
9.50%	52.87%	41.00%	92.61%	73.00%	99.41%		
10.00%	54.33%	42.00%	93.06%	74.00%	99.47%		
11.00%	57.08%	43.00%	93.48%	75.00%	99.53%		
12.00%	59.62%	44.00%	93.88%	76.00%	99.58%		
13.00%	61.98%	45.00%	94.27%	77.00%	99.63%		
14.00%	64.18%	46.00%	94.63%	78.00%	99.67%		
15.00%	66.24%	47.00%	94.97%	79.00%	99.71%		
16.00%	68.15%	48.00%	95.30%	80.00%	99.75%		
17.00%	69.95%	49.00%	95.60%	81.00%	99.78%		

Package Solution™

COMMERCIAL PROPERTY COVERAGE SECTION

APPENDIX

Appendix B

Construction Definitions

Fire Resistive (FR) (6)

Buildings constructed of any combination of the following materials:

Exterior Walls or Exterior Structural Frame

- Solid masonry, including reinforced concrete
- Hollow masonry, not less than 12 inches in thickness
- Hollow masonry less than 12 inches, but not less than 8 inches in thickness with a listed fire resistance rating of not less than two hours
- Assemblies with a fire resistance rating of not less than two hours

Floors and Roof

- Monolithic floors of reinforced concrete with slabs not less than four inches in thickness
- Construction known as "Joist Systems" with slabs supported by concrete joists and spaced not more than 36 inches on centers with a slab thickness of not less than 2 3/4 inches
- Floors and roof assemblies with a fire resistance rating of not less than two hours

Structural Metal Support

- Horizontal and vertical load-bearing protected metal supports (including prestressed concrete units) with a fire resistance rating of not less than two hours

Package Solution™

COMMERCIAL PROPERTY COVERAGE SECTION

APPENDIX

Appendix B (Continued)

Modified Fire Resistive MFR (5)

Buildings with exterior walls, floors, and roof constructed of masonry materials described under Fire Resistive, but deficient in thickness; or fire resistive materials described under Fire Resistive, but with a fire resistance rating of less than two hours, but not less than one hour

Masonry Noncombustible (MNC) (4)

Buildings with exterior walls of fire resistive construction (not less than one hour), or of masonry, and with noncombustible or slow burning floors and roof (this includes steel deck roofs)

Noncombustible (NC) (3)

Buildings with exterior walls, floors, and roof of noncombustible or slow burning materials supported by noncombustible or slow burning supports. This includes steel deck on exposed steel wall supports (such as masonry apron walls with glass in steel sash above or masonry or steel panel walls between exposed steel supports)

Joisted Masonry (JM) (2)

Buildings with exterior walls of fire resistive construction (not less than one hour) or of masonry and with combustible floors and roof

Frame (F) (1)

Buildings with exterior walls, floors, and roof of combustible construction or; with exterior walls, floors and roof of noncombustible construction but the interior or exterior sheathed with wood or other combustible material such as foam plastic or; with exterior walls of noncombustible or slow burning construction with combustible floors and roof

Package Solution™

COMMERCIAL PROPERTY COVERAGE SECTION

APPENDIX

Appendix C

Combustibility of Occupancy Definitions

- C-1 Noncombustible
- C-2 Limited Combustibility
- C-3 Combustible
- C-4 Free Burning
- C-5 Rapid or Flash Burning

Package Solution™

COMMERCIAL PROPERTY COVERAGE SECTION

APPENDIX

Appendix D

Explanation of Terminology Used in this Pricing Plan

Loss Costs (Item 2.A)

Loss costs were derived using historical industry loss and exposure experience from ISO for calendar/accident years 2000-2004. The ISO experience contained both limited (@100K) and unlimited losses (excluding earthquake and flood), and Total Insured Value (TIV) at the following level of detail: construction, protection class, occupancy code, state and value type (i.e. building, contents, time element).

Industry Relativity Factors (Item 3.A.)

Loss differences by industry (2 digit SIC code) are reflected through the industry relativity factor. Occupancy codes from ISO were judgmentally mapped into 2 digit SIC code.

These relativity factors attempt to differentiate the large loss potential between risks based on industry. Our industry relativity factors were selected based primarily on those used by Beazley Insurance Company. However, some relativity factors were judgmentally selected based on the experience and judgment of our actuaries and underwriters.

State Relativity Factors (Item 3.B.)

The base loss costs derived for the plan were calculated on a countrywide basis. The state relativity factors attempt to differentiate for differences between states (i.e. stricter building codes, access to materials, weather differences, etc) which are not reflected in the other rating variables.

The state relativity factors were derived by comparing the average unlimited loss cost in each state with the average unlimited loss cost for all states combined. The relativities were capped at +/- 15%.

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COMMERCIAL PROPERTY COVERAGE SECTION

APPENDIX

Appendix D (cont)

Location Quality Modifiers (Item 3.E.)

We recognize there are many aspects to risk evaluation and pricing, some readily quantifiable, others more subjective. Some of these subjective aspects are considered significant in risk differentiation. Local safety programs or unique building features, for example, are important considerations in pricing at the location level. These features or considerations may not be common to all locations of the policy schedule.

Catastrophe Coverage – Wind (Named Storm Loss Costs) (Item 7.A.)

We considered model results and judgment in the development of named storm and earth movement base loss costs as the historic industry loss costs.

Additional Non Catastrophe Coverages (Item 8.)

The Package Solution™ policy provides a broad range of coverage, suitable for most customers. There are, however, customers that require additional extensions of coverage. These coverage may be offered via endorsement to the main policy form, subject to additional charges as these coverages were not contemplated in the base loss costs.

Account Quality Modifier (Items 9.A., B. and C.)

Unlike the very specific Location Quality Modifier, there are features or characteristics of an organization that may be more general in nature, yet significant in differentiating one account from another. The efficiency in which the business is run or the ability of one operation to back-up another at a moments notice due to diligent preplanning on the part of management, as examples, should be recognized in the pricing process.

Excess Limits Cost Factor (Item 9.D.)

On occasion, due to self imposed exposure limitations, we have a need to pursue reinsurance support to build sufficient capacity for a given risk. There is an inherent cost associated with this practice, not considered in the pricing program to this point. The Excess Limits Cost factor was introduced as a vehicle to charge the “friction costs” associated with the purchase of facultative reinsurance.

Package Solution™
COMMERCIAL PROPERTY
EQUIPMENT BREAKDOWN – RULES AND RATING PROCEDURES

**RULE 1.
PREMIUM DETERMINATION**

The following rates will apply:

A. Rate

For risks not listed in **B. Exceptions** shown below, the rate shall be 5.6% of Adjusted Property premium.

Adjusted Property Premium = (All Risk Premium + Additional Coverages Premium, excluding Flat Charges) x
Account Quality Modifier x (1 + Excess Limits Cost) + Flat Charges

This rate contemplates a \$100,000 sublimit of coverage for each of the following extensions of coverage. Limits may be increased to \$250,000 using the following factors applied against the calculated Equipment Breakdown premium.

	Factor for \$100,000 Sublimit	Factor for \$250,000 Sublimit
Expediting Expense	Included	1.02
Hazardous Substances Coverage	Included	1.02
Spoilage Coverage (including Contamination)	Included	1.04
Data Processing Equipment	Included	1.02
Data Restoration	Included	1.02
Service Interruption	Included	1.03

B. Exceptions

Any risk not rated using the rate in **A. Rate** shown above, or which meet any one of the following criteria will be rated using **C.** through **I.** below:

- Any risk that has any one location with a TIV greater than the Maximum TIV Eligibility / Location as noted within Exhibit A TIV Eligibility Requirements by SIC Code;
- Any risk listed as 'Referral to LMEB', due to occupancy class, as shown on Exhibit A or Deductible Schedule (any risk with a press over 3000 tons);
- Any risk, regardless of class or value, that exceeds \$250,000 as respects the following coverages:
 - Expediting Expenses
 - Hazardous Substances Coverage
 - Spoilage Coverage
 - Data Processing Equipment
 - Data Restoration
 - Service Interruption
- Any risk that has a location outside the territorial limits of the United States of America, including its territories, and/or Canada;
- Any risk having an equipment breakdown loss greater than \$25,000 and/or having more than one loss in a policy period;

Package Solution™
COMMERCIAL PROPERTY
EQUIPMENT BREAKDOWN - RULES AND RATING PROCEDURES

**RULE 1.
PREMIUM DETERMINATION (*Continued*)**

- Any risk with Inland Marine Coverage (i.e. Builders Risk, Equipment Floater, or Contractor Installation Floater requiring Equipment Breakdown Coverage);
- Any risk, regardless of value, which is engaged in the generation of power, other than emergency back-up power.

C. Property Damage (PD) Premium

1. Determine the average 100% Insurable Value for the eligible occupancy where the Equipment Breakdown coverage will apply (Also see **H.** below). Follow the definitions of TIV in the table below.

Definitions of Insurable Value

Owner, Owner Occupied

100% Building + Contents (Excluding Stock) Replacement Value for all covered buildings & contents at a Location

Owner, Not Owner Occupied

100% Building Replacement Value for all covered buildings at a Location.

Tenant

100% Contents (Excluding Stock) Replacement Value

Note: A tenant renting an entire building and who is responsible for the building equipment (Heating, A/C, Electrical) is to be rated the same as an "Owner, Owner Occupied".

2. a. Determine the Rating Group ID (see below). Multiply the rate that corresponds with the value calculated above. Multiply the rate by the value in 00's. For values not shown, use the formula as illustrated below.

Rating ID	Description
A1	Buildings, Offices, Retail Sales & Services
A2	Places of Public Assembly , Hotels/Motels, Stores with Refrigeration
B	Commercial Printing
C1	Healthcare (Not Including Hospitals)
C2	Healthcare (Including Hospitals and Diagnostic Services)
D	Food Processing and Storage
E	Metals & Electronics Manufacturing
F	Textiles
G	Rubber & Plastics
H	Light Manufacturing
I	General Utility Services

Package Solution™
COMMERCIAL PROPERTY
EQUIPMENT BREAKDOWN - RULES AND RATING PROCEDURES

**RULE 1.
PREMIUM DETERMINATION (Continued)**

Table A										
Rating ID	A1		A2		B		C1		C2	
Formula Constants	C	e	C	e	C	e	C	e	C	e
8.339	0.752	9.407	0.752	7.437	0.530	5.473	0.650	7.166	0.650	
Insurable Value	Rate*	Prem*	Rate*	Prem*	Rate*	Prem*	Rate*	Prem*	Rate*	Prem*
100,000	\$0.2608	\$261	\$0.2942	\$294	\$0.6478	\$648	\$0.2743	\$274	\$0.3592	\$359
200,000	\$0.1548	\$310	\$0.1746	\$349	\$0.4486	\$897	\$0.1748	\$350	\$0.2289	\$458
400,000	\$0.0919	\$368	\$0.1037	\$415	\$0.3107	\$1,243	\$0.1114	\$446	\$0.1459	\$583
500,000	\$0.0777	\$388	\$0.0876	\$438	\$0.2760	\$1,380	\$0.0964	\$482	\$0.1262	\$631
600,000	\$0.0677	\$406	\$0.0764	\$458	\$0.2506	\$1,504	\$0.0856	\$514	\$0.1121	\$672
800,000	\$0.0545	\$436	\$0.0615	\$492	\$0.2152	\$1,721	\$0.0710	\$568	\$0.0930	\$744
1,000,000	\$0.0461	\$461	\$0.0520	\$520	\$0.1912	\$1,912	\$0.0614	\$614	\$0.0804	\$804
2,000,000	\$0.0274	\$547	\$0.0309	\$618	\$0.1324	\$2,648	\$0.0391	\$783	\$0.0512	\$1,025
3,000,000	\$0.0202	\$605	\$0.0228	\$683	\$0.1068	\$3,204	\$0.0301	\$902	\$0.0394	\$1,181
4,000,000	\$0.0162	\$650	\$0.0183	\$733	\$0.0917	\$3,668	\$0.0249	\$998	\$0.0327	\$1,306
5,000,000	\$0.0137	\$687	\$0.0155	\$775	\$0.0815	\$4,073	\$0.0216	\$1,079	\$0.0282	\$1,412
10,000,000	\$0.0082	\$815	\$0.0092	\$920	\$0.0564	\$5,642	\$0.0137	\$1,375	\$0.0180	\$1,800
20,000,000	\$0.0048	\$968	\$0.0055	\$1,092	\$0.0391	\$7,815	\$0.0088	\$1,752	\$0.0115	\$2,294
> 20,000,000	\$0.0048		\$0.0055		\$0.0391		\$0.0088		\$0.0115	

Table A												
Rating ID	D		E		F		G		H		I	
Formula Constants	C	e	C	e	C	e	C	e	C	e	C	e
6.746	0.607	5.375	0.571	1.964	0.462	23.644	0.664	3.622	0.534	4.920	0.550	
Insurable Value	Rate*	Prem*	Rate*	Prem*	Rate*	Prem*	Rate*	Prem*	Rate*	Prem*	Rate*	Prem*
100,000	\$0.4121	\$412	\$0.3876	\$388	\$0.2343	\$234	\$1.1110	\$1,111	\$0.3097	\$310	\$0.3908	\$391
200,000	\$0.2706	\$541	\$0.2609	\$522	\$0.1701	\$340	\$0.7012	\$1,402	\$0.2139	\$428	\$0.2669	\$534
400,000	\$0.1777	\$711	\$0.1756	\$702	\$0.1236	\$494	\$0.4425	\$1,770	\$0.1477	\$591	\$0.1823	\$729
500,000	\$0.1552	\$776	\$0.1546	\$773	\$0.1115	\$557	\$0.3816	\$1,908	\$0.1311	\$656	\$0.1613	\$806
600,000	\$0.1389	\$833	\$0.1393	\$836	\$0.1025	\$615	\$0.3381	\$2,029	\$0.1190	\$714	\$0.1459	\$875
800,000	\$0.1166	\$933	\$0.1182	\$946	\$0.0897	\$718	\$0.2793	\$2,234	\$0.1020	\$816	\$0.1245	\$996
1,000,000	\$0.1019	\$1,019	\$0.1041	\$1,041	\$0.0809	\$809	\$0.2408	\$2,408	\$0.0906	\$906	\$0.1101	\$1,101
2,000,000	\$0.0669	\$1,338	\$0.0701	\$1,401	\$0.0588	\$1,175	\$0.1520	\$3,040	\$0.0626	\$1,251	\$0.0752	\$1,505
3,000,000	\$0.0523	\$1,569	\$0.0556	\$1,667	\$0.0487	\$1,462	\$0.1161	\$3,484	\$0.0504	\$1,511	\$0.0602	\$1,806
4,000,000	\$0.0439	\$1,756	\$0.0472	\$1,886	\$0.0427	\$1,707	\$0.0959	\$3,837	\$0.0432	\$1,728	\$0.0514	\$2,055
5,000,000	\$0.0383	\$1,917	\$0.0415	\$2,076	\$0.0385	\$1,925	\$0.0827	\$4,136	\$0.0383	\$1,917	\$0.0455	\$2,273
10,000,000	\$0.0252	\$2,518	\$0.0279	\$2,795	\$0.0280	\$2,796	\$0.0522	\$5,221	\$0.0265	\$2,648	\$0.0310	\$3,104
20,000,000	\$0.0165	\$3,306	\$0.0188	\$3,763	\$0.0203	\$4,060	\$0.0329	\$6,590	\$0.0183	\$3,658	\$0.0212	\$4,241
> 20,000,000	\$0.0165		\$0.0188		\$0.0203		\$0.0329		\$0.0183		\$0.0212	

*Premium is dependent on the insurable value

To determine the rate for intermediate values, apply the following calculation:

$$=C / (V / 1000)^e$$

Where V is the insurable value

Example: Rating ID A1	V:	\$400,000	\$0.0919 = 8.339 / (400000/1000) ^{0.752}
	C:	8.339	368 = \$400,000/100 x 0.0919
	e:	0.752	

b. Actual Cash Value

If the valuation of loss is on an Actual Cash Value basis, multiply the base premium from **C.2.a.** above by a factor of 0.870.

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EQUIPMENT BREAKDOWN - RULES AND RATING PROCEDURES

RULE 1.
PREMIUM DETERMINATION (*Continued*)

3. Inspection and LAE Expense Modification

The Base Premium determined in **C.2.** above, includes average countrywide charges for Inspection and Loss Adjustment Expense (LAE). The amount charged for these activities may be adjusted using the following steps. If no adjustment is being made, use the Base Premium from **C.2.** above and proceed to **C.4.** below.

- a. Using the applicable state's rules governing certificate object inspections, calculate the annual average cost to inspect all policy locations for jurisdictional requirements. Add to this any annual cost expected for loss control activities and for Loss Adjustment Expense.
- b. Divide the Base Premium from **C.2.** above, by a factor of 5.227 to obtain Loss Dollars to be used in the calculation of the adjusted Base Premium. Add the dollar amount determined in **C.3.a.** above to those Loss Dollars. Multiply the total dollars by a factor of 1.911 to determine the Base Premium including the adjusted Inspection and LAE expense.

4. Equipment Modification

The Base Premium includes loss content for all general types of equipment used in building operating systems. The premium may be modified to reflect absence of certain types of equipment or additional equipment not contemplated in the rates.

- a. Select the Equipment Modification (EM) factor(s) for all applicable items.

EM Factors	Equipment/Conditions
0.150	Risk has diagnostic equipment
(0.240)	Risk does not have any steam or hot water boilers
0.200	Risk uses steam for processing
0.500	Risk has printers with more than 3 color capability
0.100	Risk has products in refrigerated storage
(0.150)	Risk does not have any A/C > 50 hp
(0.350)	Risk does not have any A/C equipment
(0.050)	Risk does not have any owned transformers
0.200	Presses greater than 250 but no larger than 500 tons
0.400	Presses greater than 500 tons

- b. Add all EM Factors together and add a 1.000 to create a factor to modify the premium. Multiply the premium from **C.3.** above by this factor.

5. Optional PD Deductibles

The base rates contemplate a deductible of \$500.

- a. If a deductible other than \$500 is desired, select the applicable Deductible Factor from Table B.

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EQUIPMENT BREAKDOWN - RULES AND RATING PROCEDURES

RULE 1.
PREMIUM DETERMINATION (Continued)

Table B	
Deductible Factors	
Deductible	Factor
250	1.100
500	1.000
1,000	0.940
2,500	0.860
5,000	0.800
10,000	0.730
25,000	0.700
50,000	0.640
75,000 +	0.610

For intermediate values, use next lower deductible for table entry.

b. Multiply the adjusted premium from **C.4.** above by the Deductible Factor.

6. Optional Sublimits

The base rates contemplate up to \$25,000 of coverage at no charge for the following sublimited coverages. The sublimit(s) may be increased to one of the optional limits shown. Only the sublimit values shown may be used.

Sublimit	Expediting Expense	Hazardous Substances	Spoilage/Perishable Goods		Data Proc. Equipment	Data Restoration
			A	B		
\$50,000	0.9	0.9	0.6	3.2	0.6	2.5
75,000	1.5	1.5	1.0	5.0	1.0	4.0
100,000	1.9	1.9	1.2	6.2	1.3	5.0
250,000	3.1	3.1	2.0	10.4	2.1	8.4
500,000	4.1	4.1	2.8	13.6	2.7	10.9
1,000,000	5.0	5.0	3.4	16.6	3.3	13.4

A – Risks that have minimal amount of perishable goods in storage but desire higher sublimit anyway

B – Risks that have perishable goods in storage, process, or being manufactured with value usually equal to or greater than the sublimit

*If limit is indicated as “Included” or “Policy Limit”, rate using the \$1,000,000 sublimit factors.

If a PD deductible for a sublimited coverage is different than the policy PD deductible, multiply the applicable sublimit coverage percentage from the table above by a Factor equal to (Table B factor for the optional sublimit deductible/Table B policy deductible factor). If the deductible is being specified as a % of loss subject to a minimum, use the minimum to adjust the factor as described above. Use that adjusted percentage in the creation of the final sublimit factor below.

If a sublimit higher than \$25,000 applies for a sublimited coverage, determine the percentage charge for the applicable coverage and sublimit from the table above. Add all such percentages together, convert to decimal form and add to 1.000 to create a factor to modify the premium. Multiply the premium from **C.5.** above by this factor.

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EQUIPMENT BREAKDOWN - RULES AND RATING PROCEDURES

**RULE 1.
PREMIUM DETERMINATION (Continued)**

D. Business Income (BI) Extra Expense (EE), and Service Interruption (SI) Coverages

1. Both Business Income and Extra Expense Coverages Being Provided

a. Determine the 100% Annual BI value for the Locations rated for PD above.

b. Base Rate

The base rates contemplate BI and EE coverages. Determine the Base Rate from the following table.

Use the same Rate Group ID as used in **C.2.a.** above.

Rating Group ID	A1 & A2	B	C1 & C2	D	E	F	G	H	I
Base Rate	0.039	0.066	0.029	0.083	0.064	0.096	0.118	0.076	0.100

c. Base Premium

Multiply the 100% Annual BI Value, in 00's, times the Base Rate selected in **D.1.b.** above to obtain the Base Premium.

d. Equipment Modification

Multiply the Base Premium from Step c. by the Equipment Modification Factor used in **C.4.b.**

e. Deductible

The Base Premium contemplates a deductible of 12 Hours (1/2 Day). If an optional deductible applies, multiply the premium from Step d. by the applicable factor from Table C below.

Table C			
BI/EE Deductible Factors			
Days	Factor	Days	Factor
1	0.968	6	0.817
2	0.920	7	0.801
3	0.885	8	0.788
4	0.857	9	0.776
5	0.835	10	0.765

2. Business Income Coverage Only

Calculate the premium using **D.1.** above. Multiply the premium obtained by a factor of 0.909 to remove the 10% charge included for Extra Expense.

3. Extra Expense (EE) Coverage Only

a. Determine the Extra Expense Limit that applies.

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EQUIPMENT BREAKDOWN - RULES AND RATING PROCEDURES

RULE 1.
PREMIUM DETERMINATION (Continued)

- b. Calculate a BI plus EE premium using **D.1.** above. Use the EE Limit in 00's in **D.1.c.** above instead of the 100% Annual BI Value. Multiply the premium obtained by a factor of 0.909 to remove the 10% incremental charge for the EE coverage contained in the combined coverage.
- c. Multiply the premium from **D.3.b.** above by a factor of 0.750 to obtain the final EE premium.

4. Service Interruption (SI)

Service Interruption coverage is included for Equipment Breakdown losses at a \$100,000 sublimit. The sublimit may be increased using the factors below for the optional limits shown.

Sublimit	SI Factor
\$100,000	Included
\$250,000	1.03
\$500,000	1.05
\$1,000,000	1.08

Multiply the premium from **D.1.**, **D.2.** or **D.3.** above by the Service Interruption increased sublimit factor.

E. Risk Modification

Evaluate risk being rated in accordance with the following criteria:

	Range of Modifications	
	<u>Credits</u>	<u>Debits</u>
a. Age of equipment	10% to	10%
b. Protection (Sheltering and Protective Devices)	10% to	10%
c. Maintenance of Equipment (preventive, testing, record keeping)	10% to	10%
d. Accessibility (location of) and ease of repairing / replacing equipment	10% to	10%
e. Condition of equipment (environment, housekeeping)	10% to	10%
f. Unique situations (prototype, obsolete, foreign mfg., local availability of parts)	10% to	10%

Total Debits or Credits cannot exceed 25%

Note: DO NOT apply any other Mod or schedule rating plan factors to premiums developed under these rules.

Risk Modification Premium Factor: 1.000 + Total Debit or Credit in decimal form

Add the PD Premium from Step C. and the BI/EE, BI only or EE only Premium from **D.** above together. Multiply that total premium by the Risk Modification Factor determined above.

F. Multi-Location Discount Factors

Multiply the premium from **E.** above by the applicable multi-location discount factor from the table below. "No. Locations" means number of Locations on an individual policy. The definition of a location is a physical address. This is the final **Equipment Breakdown Premium**.

No. Locations to be rated	Factor
1-3	1.000
4-10	0.920
11-20	0.850
> 20	0.750

Package Solution™
COMMERCIAL PROPERTY
EQUIPMENT BREAKDOWN - RULES AND RATING PROCEDURES

**RULE 1.
PREMIUM DETERMINATION (*Continued*)**

G. Package Policy Credit Included

Do not include these premiums when applying package credits for other coverage parts.

H. Optional Methods for Simplified Rating

The rating for a single risk with multiple locations or multiple risks that have the same rating group, coverage and risk exposure characteristics may be simplified by one of the following methods.

1. Average Rate per \$100 of Value

Use one of the representative locations and calculate the premium using **A.** through **F.** above. Divide that premium by the location TIV (including the BI value), both in 100s. Round the rate / \$100 of value to four decimal places. Use this average rate times the applicable value for other locations to determine their Equipment Breakdown premium.

2. Factor of Property Premium

Use one of the representative locations and calculate the premium using **A.** through **F.** above. Divide that premium by the corresponding Commercial Property premium. Round the factor to four decimal places. Use that factor times the Property premium for other locations to determine their Equipment Breakdown premium.

3. Factor of Package Policy Premium

Use one of the representative locations and calculate the premium using **A.** through **F.** above. Divide that premium by the corresponding Commercial Package Policy premium. Round the factor to four decimal places. Use that factor times the Package Policy premium for other locations to determine their Equipment Breakdown premium.

4. Flat Charge

Use one of the representative locations and calculate the premium using Steps **A.** through **F.** above. Use the premium calculated to determine the Equipment Breakdown premium for each location.

Any premiums calculated using **H.** above must be recalculated annually and applied uniformly to all locations. Multiply the premiums resulting from this rule by a factor of .65 as the last step prior to rounding.

I. Individual Risk Situations

Refer to company for rating or classifying any risk or exposure for which:

1. The manual company rate or applicable classification is clearly demonstrated to be inappropriate because of a unique or unusual feature of the risk;

NOTE: To the extent that consent-to-rate procedures apply, they must be followed.

2. The coverage to be written is broader than contained in the applicable standard coverage.

NOTE: To the extent that forms filing requirements apply, they must be followed.

Package Solution™
COMMERCIAL PROPERTY
EQUIPMENT BREAKDOWN - RULES AND RATING PROCEDURES

RULE 1.
PREMIUM DETERMINATION (*Continued*)

3. Rating or classifying any risk or exposure for which there is no manual rate or applicable classification. Rates shall not be inadequate, excessive or unfairly discriminatory.

Companies should maintain complete files, including all details of the factors used in determining the rate or classification for a particular risk and make these files available for a state regulator. Such rates or classifications need not be filed with the state regulator. However, this shall not apply when a company has developed or prepared a manual or schedule of rates which includes a classification applicable to a risk being written.

To the extent that filing requirements apply to such a manual or schedule of rates, they must be followed.

Package Solution™
COMMERCIAL PROPERTY
TERRORISM RULES AND RATING PROCEDURES – NON-SFP

**RULE 1.
INTRODUCTION**

The "Terrorism Risk Insurance Act" (TRIA) establishes a Program within the Department of the Treasury in which the Federal Government will share the risk of loss from terrorist attacks with the insurance industry. Federal participation will be triggered when the Secretary of the Treasury certifies an act of terrorism, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism, provided the terrorist act results in aggregate losses in excess of amount stated in the Act. With respect to insured losses resulting from a certified act of terrorism, the Federal Government will reimburse individual insurers for a percentage of losses (as stated in the Act) in excess of the insurer's retention, which is based on a specified percentage of the insurer's earned premium for the year preceding the loss. Insured losses covered by the Program are capped at \$100 billion per year; this provision serves to limit insurers' liability for losses. If a terrorism event pierces the cap of a given year, insured losses paid (amounts below the cap) under the federal Program may be subject to pro rata allocation in accordance with procedures established by the Treasury.

**RULE 2.
CERTIFIED ACTS OF TERRORISM COVERED OR EXCLUDED**

A. Premium Determination

1. The terrorism premium is calculated as a percentage of the non-catastrophe location premium. The following percentage applies for terrorism coverage:

Tier 3 - Entire State - 2%

2. Prorating - Adjusting terrorism coverage mid-term for additions and deletions may be done only if the policy was originally written with terrorism coverage.

B. When Terrorism Coverage Applies Subject To Conditional Exclusion

When a conditional exclusion is attached, the duration of coverage and the commensurate premium are not fully determined until the disposition of the federal Program is decided.

If such a policy is rated prior to a Congressional decision on extension of the federal Program, the insurer may:

Calculate the premium using the applicable base charge for the entire policy term. If the federal Program terminates, recalculate the premium by prorating that applicable base charge and refund the excess premium. If the federal Program is extended in such a manner that the conditional exclusion does not become applicable, and coverage continues to apply, recalculate the premium and charge additional premium or refund excess premium, if applicable. The additional or return premium may be waived if such amount falls within the waiver of additional or return premium, if any, on file for the insurer in this state.

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**RULE 5.
POLICYWRITING MINIMUM PREMIUM**

The following is added to Rule 5.A.:

For the Package Solution™ Commercial Property Policy use the Policywriting Minimum Premium in Rule 1 of the Package Solution™ Commercial Property Rules and Rating Procedures.

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**RULE 7.
PACKAGE MODIFICATION FACTORS**

The first paragraph of Rule 7.A. is replaced by the following:

1. Any Coverage Form in the Commercial Property Coverage Part or the Package Solution™ Commercial Property Policy that at least provides Building or Business Personal Property Coverage. Such coverage must be written with the 80% or higher coinsurance clause (90% for blanket insurance) or be written on the Package Solution™ Commercial Property Policy.

The following is added to Rule B.1:

- e. Coverage written on the Package Solution™ Commercial Property Policy.

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**RULE 8.
PREMIUM DEVELOPMENT**

Rule 8.A.1. is replaced by the following:

1. Refer to the appropriate CLM Divisions for company rates and/or ISO loss costs, rules, rating procedures and codes for all Coverage Parts except the Highly Protected Risks Coverage Part and the Package Solution™ Commercial Property Policy. For the Package Solution™ Commercial Property Policy refer to the Package Solution™ Commercial Property Manual.

The Rule 8.B. paragraph is replaced by the following:

Dwellings covered under the Commercial Property Coverage Part are rated under CLM Division Five – Fire and Allied Lines. Package Modification Factors continue to apply to such risks.

The Rule 8.C. paragraph is replaced by the following:

Apply applicable Package Modification Factor to those exposures which are necessary, incidental or usual to the business operations conducted from the premises insured under direct damage forms in the Commercial Property Coverage Part or the Package Solution™ Commercial Property Policy (or the Highly Protected Risks Coverage Part) Section of the policy, the Capital Assets (Output Policy) Coverage Part or the Physicians and Surgeons Equipment Coverage Form.

Package Solution™
COMMERCIAL PROPERTY
ENDORSEMENT RULE

PK 04 01 – ACCOUNTS RECEIVABLE

This endorsement allows for the provision of Accounts Receivable coverage, subject to a stated sublimit of liability.

Associated premium charge: $30\% \times \text{Base Rate} \times \text{Sublimit of Liability} / 100$

Package Solution™
COMMERCIAL PROPERTY
ENDORSEMENT RULE

PK 04 02 – CONTINGENT LOSS OF BUSINESS INCOME OR EXTRA EXPENSE

This endorsement provides coverage for the loss of Business Income or Extra Expense due to a direct physical loss or damage to property of the type covered by the policy at a contingent location.

Associated premium charge:

A. Contingent Loss of Business Income or Extra Expense Base Rate:

The Business Income base rate and/or Extra Expense base rate(s) for the policy.

B. Contingent Loss of Business Income or Extra Expense Modification Factor:

1. This base rate (from **A.** above) will be modified by a factor of .25 to 5.00, depending on conditions at the contingent location(s) and the relative effect on the operations of the insured.
2. Conditions that should be considered in determining the Contingent Loss of Business Income or Extra Expense modified rate factor(s) are:

Construction, occupancy, protection, exposures including natural hazards, and the relative dependency of the product, service, or supplier.

C. Premium = (Business Income Base Rate and/or Extra Expense Base Rate) x Contingent Loss of Business Income or Extra Expense Modification Factor x Limit of Liability / 100.

Package Solution™
COMMERCIAL PROPERTY
ENDORSEMENT RULE

PK 04 03 – CONTINGENT LOSS OF BUSINESS INCOME OR EXTRA EXPENSE LEADER LOCATIONS

This endorsement provides coverage for the loss of Business Income or Extra Expense due to a direct physical loss or damage to property of the type covered by the policy at a Leader location.

Associated premium charge:

A. Contingent Loss of Business Income or Extra Expense Leader Location rate:

The Business Income base rate and/or Extra Expense base rate(s) for the policy.

B. Contingent Loss of Business Income or Extra Expense Leader Location Modification factor:

1. This base rate (from **A.** above) will be modified by a factor of .25 to 5.00, depending on conditions at the Leader location(s) and the relative effect on the operations of the insured.
2. Conditions that should be considered in determining the Contingent Loss of Business Income or Extra Expense Leader location modified factor(s) are:

Construction, occupancy, protection, exposures including natural hazards, and the relative dependency of the product, service, or supplier.

C. Premium = (Business Income Base Rate and/or Extra Expense Base Rate) x Contingent Loss of Business Income or Extra Expense Leader Location Modification Factor x Limit of Liability / 100.

Package Solution™
COMMERCIAL PROPERTY
ENDORSEMENT RULE

PK 04 04 – EARTH MOVEMENT

This endorsement provides coverage for direct physical loss to covered property caused by sudden earth movement.

The following loss costs apply to the earth movement catastrophe peril, based on geographic location. Loss Costs for the perils of earth movement were selected from results of model data. Adjustments for deductibles and sublimits of liability are made based on application of the Catastrophe Premium Allocation Table (see Appendix A).

Catastrophe peril deductibles may be expressed as a percentage of values exposed, subject to damage (i.e. 1%, 2%, 3%, 4%, 5% or 10%) or as a flat dollar amount.

A. Earth Movement coverage is available by endorsement. There are three major regions with distinctive earth movement loss costs. The major regions are as follows:

1. California;
2. Puget Sound; and
3. New Madrid.

Earth Movement loss costs for the California region are:

Zone	California Earth Movement	LC
A1	San Francisco, San Mateo	0.411
A2	Alameda, Contra Costa	0.570
A3	Marin, Napa, Santa Clara, Solano, Sonoma	0.546
A3	Del Norte, Humboldt, Lake, Mendocino, Monterey, San Benito, Santa Cruz,	0.250
B1	Los Angeles (South)	0.447
B2	Los Angeles (North)	0.447
B3	Orange	0.367
C	Kern, San Luis Obispo, Santa Barbara, Ventura	0.273
D	San Diego	0.150
E	Alpine, Imperial, Inyo, Mono, Riverside, San Bernardino	0.150
F	Fresno, Kings, Madera, Mariposa, Merced, Tulare	0.080
G	Amador, Butte, Calaveras, Colusa, El Dorado, Glenn, Nevada, Placer, Sacramento, San Joaquin, Stanislaus, Sutter, Tuolumne, Yolo, Yuba	0.080
H	Lassen, Modoc, Plumas, Shasta, Sierra, Siskiyou, Tehama, Trinity	0.060

Package Solution™
COMMERCIAL PROPERTY
ENDORSEMENT RULE

PK 04 04 – EARTH MOVEMENT (Continued)

Earth Movement loss costs for the Puget Sound region are:

State	Puget Sound Earth Movement	LC
WA	Clallam, Island, Jefferson, King, Kitsap, Mason, Pierce, San Juan, Skagit, Snohomish, Thurston, Whatcom	0.120

Earth Movement loss costs for the New Madrid region are:

State	New Madrid Earth Movement	LC
AR	Independence, Jackson, Lawrence, Lee, Monroe, Phillips, Prairie, Randolph, White, Woodruff, Arkansas	0.150
AR	Clay, Craighead, Cross, Greene, Poinsett, St. Francis	0.200
AR	Crittenden, Mississippi	0.280
IL	Franklin, Gallatin, Hamilton, Hardin, Jackson, Johnson, Perry, Pope, Randolph, Saline, White, Williamson, Edwards, Jefferson, Lawrence, St. Clair, Wabash, Washington, Wayne	0.150
IL	Alexander, Massac, Pulaski, Union	0.300
IN	Gibson, Posey, Spencer, Vanderburgh, Warrick, Daviess, Knox, Pike	0.110
KY	Butler, Christian, Hopkins, Logan, McLean, Muhlenberg, Ohio, Todd, Union, Webster	0.019
KY	Caldwell, Crittenden, Daviess, Henderson, Livingston, Lyon, Trigg	0.080
KY	Calloway, Marshall	0.200
KY	Ballard, Carlisle, Fulton, Graves, Hickman, McCracken	0.280
MO	Carter, Crawford, Dent, Iron, Jefferson, Madison, Perry, Reynolds, Ripley, Saint Charles, Saint Francis, Saint Genevieve, Saint Louis, Shannon, Washington, St. Louis City	0.110
MO	Bollinger, Butler, Cape Girardeau, Wayne	0.160
MO	Dunklin, Mississippi, Pemiscot, Scott, Stoddard	0.280
MO	New Madrid	0.330
MS	Benton, Bolivar, Coahoma, Lafayette, Marshall, Panola, Quitman, Sunflower, Tallahatchie, Yalobusha	0.080
MS	Desoto, Tate, Tunica	0.150
TN	Carroll, Chester, Hardeman, Henderson, Henry, Madison, McNairy	0.110
TN	Crockett, Fayette, Gibson, Haywood, Lauderdale, Shelby, Tipton, Weakley	0.260
TN	Dyer, Lake, Obion	0.320

Package Solution™
COMMERCIAL PROPERTY
ENDORSEMENT RULE

PK 04 04 – EARTH MOVEMENT (Continued)

B. The balance of the country is divided into two regions:

1. Rocky Mountains/Western
2. All other

Earth Movement loss costs for the Rocky Mountain/Western region are:

State	Rocky Mountains/Western Earth Movement	LC
AK	(All)	0.135
AZ	(All)	0.020
CO	(All)	0.020
ID	(All)	0.025
MT	(All)	0.025
NV	(All)	0.035
NM	(All)	0.020
OR	(All)	0.025
UT	(All)	0.025
WA	(Balance of the State)	0.025
HI	(All)	0.035
PR	(All)	0.035

Earth Movement loss cost for all other areas of the country are:

All Other Areas of the Country Not Identified Above	LC
All Remaining States	0.015

C. Building Height Credit Factor:

1. For low-rise buildings (<4 stories), apply a factor of 0.80.
2. For mid-rise buildings (4-8 stories), apply a factor of 0.90.
3. For high-rise buildings (>8 stories), apply a factor of 1.00.

D. Building Construction Debit Factor:

1. For masonry non-combustible (MNC) and joisted-masonry (JM) construction, apply a factor of 1.25.
2. For frame (F) construction, apply a factor of 1.00.
3. For all other construction, apply a factor of 1.10

Package Solution™
COMMERCIAL PROPERTY
ENDORSEMENT RULE

PK 04 04 – EARTH MOVEMENT (Continued)

E. Earth Movement Characteristics Factor:

In consideration of features at risk, apply a factor ranging from 0.75 to 1.50.

F. Special Consideration for California Zone:

1. Deductible Factor Determination:

Deductible Value within Earth Movement Zone/TIV in Earth Movement Zone (per table look up - see Appendix A).

2. Limit Factor (if applicable – if sublimit factor not applicable then limit factor equals 1):

(Sublimit Amount + Deductible Value within the Earth Movement zone) / Total Insurable Value within the Earth Movement zone (per table look up - see Appendix A).

G. Special Consideration for New Madrid and Puget Sound Regions:

1. Deductible Factor Determination:

Deductible Value within Earth Movement Region / TIV in Earth Movement Region (per table look up - see Appendix A).

2. Limit Factor (if applicable – if sub-limit factor not applicable then limit factor equals 1):

(Sublimit Amount + Deductible Value within the Earth Movement region) / Total Insurable Value within the Earth Movement region (per table look up - see Appendix A).

H. For the balance of the country, each state will be analyzed separately for deductible and sublimit of liability credit. Credits will be applied to the locations within the respective state.

I. Calculation of Earth Movement Premium:

1. Modified Earth Movement LC = Earth Movement LC x Building Height Credit Factor x Building Construction Debit Factor x Earth Movement Characteristics Factor x (Limit Factor - Deductible Factor).

2. Earth Movement Rate = Modified Earth Movement Loss Cost x LCM.

3. Earth Movement Premium = Earth Movement Rate x TIV / 100.

Package Solution™
COMMERCIAL PROPERTY
ENDORSEMENT RULE

PK 04 05 – EARTH MOVEMENT SPRINKLER LEAKAGE

This endorsement allows for the provision of Sprinkler Leakage coverage resulting from an Earth Movement event, subject to a stated sublimit of liability. This option is available to the insured when they do not wish to purchase full Earth Movement Coverage.

Associated premium charge: 10% of premium developed for Earth Movement Coverage.

Package Solution™
COMMERCIAL PROPERTY
ENDORSEMENT RULE

PK 04 06 – ERRORS AND OMISSIONS

This endorsement provides coverage where a covered loss under the policy is not payable due to an error or unintentional omission by the insured in describing a covered location.

Associated premium charge: $110\% \times \text{Base Rate} \times \text{Limit of Liability} / 100$

Package Solution™
COMMERCIAL PROPERTY
ENDORSEMENT RULE

PK 04 07 – FINE ARTS

This endorsement extends coverage to apply to an insured's fine arts as defined in the policy.

Associated premium charge: Multiply the Base Rate by the following factor. Then multiply the resulting rate times the total fine arts limit of liability (shown in the endorsement) / 100.

Total Fine Arts Limit of Liability	Load Factor
<\$250,000	1.25
\$250,000 - \$500,000	1.20
>\$500,000	1.15

Package Solution™
COMMERCIAL PROPERTY
ENDORSEMENT RULE

PK 04 08 – FLOOD

This endorsement provides coverage for direct physical loss to covered property caused by flood.

The following loss costs apply to the flood catastrophe peril, based on geographic location. Loss Costs for the perils of flood were selected from results of model data. Adjustments for deductibles and sublimits of liability are made based on application of the Catastrophe Premium Allocation Table (see Appendix A).

Catastrophe peril deductibles may be expressed as a percentage of values exposed, subject to damage (i.e. 1%, 2%, 3%, 4%, 5% or 10%) or as a flat dollar amount.

- A.** Flood coverage contemplates properties that are located outside of the 100-year flood plain as determined and defined by the U.S. Corp of Engineers. Outside this zone, the rates apply based on relative hazard which considers elevation above 100 year flood plain, surface water exposures, flood mitigation measures, etc.

Hazard	LC Range
High	0.050 - 0.500
Moderate	0.010 - 0.100
Low	0.005 - 0.050

- B.** Deductible Factor:

Deductible Value / Total Insurable Value (per table look up - see Appendix A).

- C.** Limit Factor (if applicable – if sub-limit factor not applicable then limit factor equals 1):

(Sublimit Amount + Deductible Value) / Total Insurable Value (per table lookup - see Appendix A).

- D.** Calculation of Flood Premium

1. Flood Rate = [Flood LC x (Limit factor – Deductible Factor)] x LCM.

2. Flood Premium = Flood Rate x TIV / 100.

Package Solution™
COMMERCIAL PROPERTY
ENDORSEMENT RULE

PK 04 09 – FOOD BORNE CONTAMINATION

This endorsement provides coverage for costs when a public health authority closes a covered location due to food borne contamination.

Associated premium charge:

Sublimit of Liability	Flat Charge Premium Per Ratable Location
\$10,000	\$50
\$25,000	\$100
\$50,000	\$150
\$100,000	\$200
\$250,000	\$400
>\$250,000	Refer to Home Office

Package Solution™
COMMERCIAL PROPERTY
ENDORSEMENT RULE

PK 04 11 – PACKAGE SOLUTION PLUS™ FOR GREEN ORGANIZATIONS

1. Recommissioning/Recertifying

SUBLIMIT	PREMIUM CHARGE
250,000	\$ 250
100,000	NO COST

2. Upgrade to Green Materials

RP= REAL PROP. BPP = BUS. PERS. PROP.

%	LIMITS - OCC/AGGR	PREMIUM CHARGE
25%	5M/10M	4.5% * RP PREM + 2 % BPP PREMIUM
25%	2.5M/5M	4 % * RP PREM + 1.75 % BPP PREMIUM
25%	1M/2.5M	3.75% * RP PREM + 1.75% BPP PREMIUM
25%	500K/1M	3.25% * RP PREM + 1.5% BPP PREMIUM
10%	1M/2.5M	3.5% * RP PREM + 1.5% BPP PREMIUM
10%	500K/1M	3% * RP PREM + 1.25% BPP PREMIUM
5%	250K/500K	2.5% * RP PREM + 1 % BPP PREMIUM
5%	100K/250K	2% * RP PREM + 0.75% BPP PREMIUM

3. RECYCLING DEBRIS

NO CHARGE

4. VEGETATIVE ROOFING SYSTEMS

NO CHARGE

5. PERIOD OF RESTORATION

2% * BI PREMIUM

Package Solution™
COMMERCIAL PROPERTY
ENDORSEMENT RULE

PK 04 12 – GUEST EMERGENCY EVACUATION DUE TO ORDER BY CIVIL AUTHORITY

This endorsement adds guest emergency evacuation due to order by civil authority as reimbursable expense.

Associated premium charge: \$.025 x Limit of Liability / 100

Package Solution™
COMMERCIAL PROPERTY
ENDORSEMENT RULE

PK 04 13 – HOTEL GUEST RELOCATION EXPENSES

This endorsement provides coverage to reimburse guest incurred expenses when prearranged lodging cannot be provided due to a covered loss.

Associated premium charge: \$.025 x Limit of Liability / 100

Package Solution™
COMMERCIAL PROPERTY
ENDORSEMENT RULE

PK 04 14 – INTERRUPTION OF SERVICES

This endorsement provides for physical loss or damage to covered property, loss of business income or extra expense resulting from an interruption of service. This coverage applies only if Real Property, Personal Property, Loss of Business Income or Extra Expense is marked with an (X) in **B. Coverages of the DECLARATIONS**.

Associated premium charge:

- A.** The Base Rate and the Extra Expense rate are multiplied by the following factor to determine the base rate for this coverage:

Service Interruption Factor 1.50

- B.** If an hourly deductible is used, apply the appropriate deductible factor from the following table to the base rate for this coverage:

Number of Hours	Deductible Factor
24	1.10
48	1.00
72	.90
96	.80

- C.** Premium = (Base Rate and the Extra Expense Rate) x the Service Interruption Factor x the Deductible Factor (if any) x Limit of Liability / 100.

Package Solution™
COMMERCIAL PROPERTY
ENDORSEMENT RULE

PK 04 15 – LOSS OF BUSINESS INCOME – RESEARCH AND DEVELOPMENT

This endorsement allows coverage to be extended to include the actual loss of certain fixed expense charges incurred by an insured's research and development which do not directly produce business income.

Associated premium charge: $\text{Base Rate} \times \text{Sublimit of Liability (shown on endorsement)} / 100$

Package Solution™
COMMERCIAL PROPERTY
ENDORSEMENT RULE

PK 04 16 – LOST MASTER KEY

This endorsement provides coverage for a lost master key.

Associated premium charge: $\$.10 \times \text{Limit of Liability} / 100$

Package Solution™
COMMERCIAL PROPERTY
ENDORSEMENT RULE

PK 04 17 – MISCELLANEOUS LOCATIONS

This endorsement provides coverage for the insured's personal property and personal property of others while at a miscellaneous location.

Associated premium charge: $(2 \times \text{Base Rate}) \times \text{Limit of Liability} / 100$

Package Solution™
COMMERCIAL PROPERTY
ENDORSEMENT RULE

PK 04 18 – MOBILE EQUIPMENT OR TOOLS

This endorsement extends coverage for mobile equipment or tools while away from a covered location.

Associated premium charge is based on the following table:

Limit	Premium
100,000	500
250,000	1,250
500,000	2,500

Package Solution™
COMMERCIAL PROPERTY
ENDORSEMENT RULE

**PK 04 19 – PERSONAL PROPERTY OR PERSONAL PROPERTY OF OTHERS SOLD UNDER AN
INSTALLATION AGREEMENT**

This endorsement provides coverage to the installation of personal property or personal property of others.

Associated premium charge: .10 x Limit of Liability / 100

Package Solution™
COMMERCIAL PROPERTY
ENDORSEMENT RULE

PK 04 20 – PACKAGE SOLUTION PLUS™

This endorsement provides coverage for:

Accounts Receivable
Fine Arts
Fire Extinguisher Recharge
Media, Data and Software
Public Safety Service Charge
Valuable Papers and Records

all subject to a combined aggregate limit of liability and flat charge as follows:

Aggregate Limit of Liability	Per Ratable Location
\$500,000	\$250
\$750,000	\$300
\$1,000,000	\$350
\$2,000,000	\$550
\$5,000,000	\$1,150

Ten (10) ratable locations is the maximum charge per policy.

Package Solution™
COMMERCIAL PROPERTY
ENDORSEMENT RULE

PK 04 21 – SPOILAGE OF PERISHABLE GOODS WHILE IN TRANSIT

This endorsement provides coverage for spoilage of food product while in transit if the loss is the result of a peril insured against or mechanical breakdown of cooling equipment.

Associated premium charge:

Sublimit of Liability	Flat Charge Premium
\$50,000	\$100
\$100,000	\$200
\$250,000	\$500
\$500,000	\$1,000
\$1,000,000	\$2,000

Package Solution™
COMMERCIAL PROPERTY
ENDORSEMENT RULE

PK 21 02 – PAYROLL EXPENSE EXCLUSION

This endorsement allows the insured to exclude payroll expenses.

Associated premium charge: Decrease the Business Income Limit by the exposure.

Package Solution™
COMMERCIAL PROPERTY
ENDORSEMENT RULE

PK 21 03 – WIND AND HAIL EXCLUSION

This endorsement excludes coverage for damage done by wind or hail.

Associated premium adjustment: CAT load for wind is not added.

Package Solution™
COMMERCIAL PROPERTY
ENDORSEMENT RULE

PK 21 04 – WIND ASSOCIATED WITH A NAMED STORM EXCLUSION

This endorsement excludes coverage for damage done by a named storm.

Associated premium adjustment: CAT load for wind associated with a named storm is not added.

Package Solution™
COMMERCIAL PROPERTY
ENDORSEMENT RULE

PK 22 01 – GREENS, TEES, AND FAIRWAYS

This endorsement provides coverage for certain perils to greens, tees and fairways.

Associated premium charge: \$.05 x Limit of Liability / 100

Package Solution™
COMMERCIAL PROPERTY
ENDORSEMENT RULE

PK 22 02 – LIVESTOCK

This endorsement provides coverage for livestock as defined in the endorsement.

Associated premium charge: $\text{Base Rate} \times \text{Limit of Liability} / 100$

Package Solution™
COMMERCIAL PROPERTY
ENDORSEMENT RULE

PK 24 06 – PAYROLL EXPENSE FOR SPECIFICALLY DESCRIBED EMPLOYEES

This endorsement extends business income coverage to specifically described employees.

Associated premium charge: Adjust the Business Income Limit by the exposure.

Package Solution™
COMMERCIAL PROPERTY
ENDORSEMENT RULE

PK 24 07 – PAYROLL EXPENSE LIMITATION

This endorsement allows the insured to limit payroll expense to a specified period of business days (30, 60, 90, 120, or 180).

Associated premium charge: Adjust the Business Income Limit by the exposure.

Package Solution™
COMMERCIAL PROPERTY
ENDORSEMENT RULE

PK 24 11 – WATERCRAFT

This endorsement extends coverage to apply to an insured's watercraft as defined in this endorsement.

Associated premium charge: \$.25 x Limit of Liability / 100

Package Solution™
COMMERCIAL PROPERTY
ENDORSEMENT RULE

PK 25 01 – PEAK SEASON

This endorsement allows a higher limit of personal property during a specified time period.

Associated premium charge: $\text{Base rate} \times \text{Pro-rated increase in exposure}$

Package Solution™
COMMERCIAL PROPERTY
ENDORSEMENT RULE

PK 25 02 – STANDARD EXTENSIONS

This endorsement allows for increases in the sublimits of liability provided for in the Standard Extensions of Coverage provision of form PK 10 02, EXTENSIONS OF COVERAGE.

- Arson Reward
Associated premium charge: Base rate x Limits in excess of \$50,000 / 100
- Computer Virus and Denial of Access
Associated premium charge: Base rate x Limits in excess of \$25,000 / 100
- Course of Construction
Associated premium charge: Base rate x Limits in excess of \$250,000 / 100
- Debris Removal
Associated premium charge:

Sublimit of Liability	Flat Charge Premium
\$100,000	\$100
\$250,000	\$350
\$500,000	\$670
\$750,000	\$900
>\$750,000	Refer to Home Office

- Wind Debris Removal
Associated premium charge:

Sublimit of Liability	Flat Charge Premium
\$50,000	\$50
\$100,000	\$100
\$250,000	\$350
\$500,000	\$670
\$750,000	\$900
>\$750,000	Refer to Home Office

- Exhibitions, Expositions, Fairs or Trade Shows
Associated premium charge: 1.5 x Base rate x Limits in excess of \$50,000 / 100
- Extended Period of Restoration
Associated premium charge: Base Rate x increase in Loss of Income Exposure / 100
- Paved Surfaces and Underground Pipes
Associated premium charge:

Sublimit of Liability	Flat Charge Premium
\$100,000	\$100
\$250,000	\$250
\$500,000	\$500
\$750,000	\$750
\$1,000,000	\$1,000
> \$1,000,000	Refer to Home Office

Package Solution™
COMMERCIAL PROPERTY
ENDORSEMENT RULE

PK 25 02 – STANDARD EXTENSIONS (Continued)

- Fungus Cleanup Expense
Associated premium charge:

Sublimit of Liability	Flat Charge Premium
\$100,000	\$500
\$250,000	\$1,250
\$500,000	\$1,700
\$750,000	\$2,025
>\$750,000	Refer to Home Office

- Personal Property of Employees
Associated premium charge: Base rate x Limits in excess of \$50,000 / 100
- Personal Property Off Premises
Associated premium charge:

Sublimit of Liability	Flat Charge Premium
\$200,000	\$100
\$300,000	\$200
\$400,000	\$300
\$500,000	\$400
>\$500,000	Refer to Home Office

- Plants, Trees or Shrubs
Associated premium charge:

Sublimit of Liability	Flat Charge Premium
\$250,000	\$750
\$500,000	\$1,200
\$750,000	\$1,525
\$1,000,000	\$1,750
>\$1,000,000	Refer to Home Office

- Pollution Cleanup Expense
Associated premium charge:

Sublimit of Liability	Flat Charge Premium
\$50,000	\$1,425
\$75,000	\$1,700
\$100,000	\$2,025
\$250,000	\$2,900
>\$250,000	Refer to Home Office

Package Solution™
COMMERCIAL PROPERTY
ENDORSEMENT RULE

PK 25 02 – STANDARD EXTENSIONS (*Continued*)

- Professional Fees
Associated premium charge:

Sublimit of Liability	Flat Charge Premium
\$50,000	\$100
\$75,000	\$125
\$100,000	\$150
\$250,000	\$275
\$500,000	\$425
\$1,000,000	\$625
>\$1,000,000	Refer to Home Office

- Water or Sewer Backup
Associated premium charge:
 $0.01 \times \text{Base Rate} \times (\text{Limit of Liability in excess of } 100,000) / 100$

SERFF Tracking Number: LWCM-125751995 State: Arkansas
First Filing Company: Employers Insurance Company of Wausau, ... State Tracking Number: EFT \$125
Company Tracking Number: LW-PKR-CW-001-08
TOI: 05.1 Commercial Multi-Peril - Non-Liability Sub-TOI: 05.1003 Commercial Package
Portion Only
Product Name: Commercial Package Policies
Project Name/Number: Submission of Package Solution Program-Coverage rate and rules /LW-PKR-CW-001-08

Supporting Document Schedules

Satisfied -Name: Acturial Memorandum and exhibits
Review Status: Accepted for Informational Purposes 07/31/2008

Comments:

Attachments:

Actuarial Memorandum.pdf
Actuarial Exhibits A-F.pdf
Actuarial Exhibits 1 thru 7.pdf
AR EICOW - F843-LC ALL.pdf
AR LIC - F843-LC ALL.pdf
AR LM Ins - F843-LC ALL.pdf
AR LMFIC - F843-LC ALL.pdf
AR LMIC - F843-LC ALL.pdf
AR TFLIC - F843-LC ALL.pdf
AR WBIC - F843-LC ALL.pdf
AR WUIC - F843-LC ALL.pdf

**EMPLOYERS INSURANCE COMPANY OF WAUSAU
LIBERTY INSURANCE CORPORATION
LIBERTY MUTUAL FIRE INSURANCE COMPANY
LIBERTY MUTUAL INSURANCE COMPANY
LM INSURANCE CORPORATION
THE FIRST LIBERTY INSURANCE CORPORATION
WAUSAU BUSINESS INSURANCE COMPANY
WAUSAU UNDERWRITERS INSURANCE COMPANY**

PACKAGE SOLUTION™

Actuarial Memorandum

This memorandum, in combination with the documentation and actuarial exhibits attached, represents a filing on behalf of the companies listed above.

Package Solution™ is a new program for our companies. It is a new proprietary property product intended to upgrade the coverage available in our current package offering. It is our hope that Package Solution™ will provide us with more pricing flexibility while yielding significant expense savings and more efficient use of our company rating systems.

The current ISO-based property product is cumbersome, particularly when used with accounts that fall into what we categorize as the middle market. Rating these accounts based on the ISO property product can involve considerable customization of policies and endorsements. Each additional step necessary to rate and maintain these policies uses up valuable company resources and increases the overall time and expense needed to complete the rating and policy issuance process.

We believe Package Solution™ will:

- Provide a competitive edge in the marketplace, which is not currently available to us with the ISO product
- Eliminate special handling of policies, which will lead to better use of company resources, ease of policy administration, and improved service for our policyholders
- Enable us to bring a more comprehensive property product to the marketplace

New Product Overview

Package Solution™ is designed to provide, in a single contract, most major commercial property, inland marine, and equipment breakdown coverages. These coverages include but are not limited to:

- Real Property
- Personal Property
- Personal Property of Others

- Loss of Business Income
- Extra Expense
- Earth Movement
- Flood
- Debris Removal
- Valuable Papers
- Accounts Receivable
- Transit
- Mobile Equipment
- Buildings Under Course of Construction
- Demolition and Increased Construction Cost
- Newly Acquired Locations
- Computer Equipment

The various coverages are either automatically included in the policy or are activated by fill-ins, indicators, schedules, or by endorsement. Advantages to the policyholder include the ability to choose appropriate combinations of full blanket limits, specifics limits, coverages, etc. With few exceptions, one policy deductible applies to all losses.

Rating Methodology Overview

This is a new program, therefore we do not have historical experience on which to base our proposed rates and rules. We relied on an analysis of industry data in addition to a review of competitor rates for a similar program. Specifically, we reviewed the relativities and base loss costs of Beazley Insurance Company's All Risk Commercial Property program to aid in the development of the rating variables included in this filing. The actuarial method of loss cost relativities (LCR) was applied when analyzing the industry data. For the purposes of differentiating risks the following rating variables were developed:

- Construction
- Combustibility
- Public Protection Class
- Sprinkler Protection
- Occupancy
- State

The rating variables and their corresponding values are:

- Construction: Fire Resistive (FR), Modified Fire Resistive (MFR), Masonry Non-Combustible (MNC), Non-Combustible (NC), Joisted Masonry (JM), Frame (F)
- Combustibility: There are 153 ISO occupancy codes and descriptions, which were related to SIC codes and ultimately to combustibility categories 1 – 5.
- Public Protection Class: 1 (exemplary) – 10 (poor)
- Sprinkler Protection: Rated and non-rated. For the purposes of the analysis, only those systems with a satisfactory rating were considered as sprinklered.

- **Occupancy:** Industry occupancy codes and descriptions were grouped into industry relativities 1 – 99.
- **State:** Industry data by state was analyzed and grouped into common contiguous regions (based on Beazley’s regional groupings) that reflect conditions not captured in the previous rating variables. Examples of rating factors that may differ by region are; building codes, availability of materials and weather. The rating factors were developed based on the weight of the state groupings to the entire portfolio.

The rates are composed of all-risk loss costs, to which a loss cost multiplier is applied. The proposed non-catastrophe base loss costs are based on Beazley’s non-catastrophe base loss costs with an adjustment for the difference in coverage between our proposed program and Beazley’s program. We will apply a Package Modification Factor of 1.00 to the Package Solution™ Commercial Property policy. A comparison of Package Solution™ and Beazley pricing variables can be found in Exhibits A through F. Please see below for a description of each of these exhibits.

Comparison Exhibits – Package Solution™ vs. Beazley:

Exhibit A shows the calculation of the average impact of the removal of coverage, as well as a comparison of the Package Solution™ selected non-catastrophe base loss cost vs. Beazley’s. The impact by coverage is based on the Beazley Ins. Co. filing. The non-catastrophe base loss costs do not consider losses associated with the following perils: named windstorm, earth movement and flood. Separate loss costs are charged for these perils.

Exhibits B & C contain a comparison of the Package Solution™ proposed Named Windstorm and Earth Movement loss costs, respectively, with those of Beazley Insurance Company. Additional minimal windstorm loss costs are included for some counties not included in the Beazley filing.

Exhibit D contains a comparison of the Package Solution™ proposed Flood loss costs with those of Beazley.

Exhibit E shows a comparison of the Package Solution™ and Beazley non-catastrophe rating factors; Construction, Combustibility, Public Protection and Sprinkler. In most cases we have chosen to use the Beazley factors. The exception is the Construction factors, where our actuaries and underwriters selected factors slightly lower than Beazley’s.

Exhibit F is a comparison of the Package Solution™ proposed State relativities with those of Beazley. For the most part we chose to use Beazley’s relativities, with the exception of the Upper Midwest and Central and Plains regional groups. In those regions we relied on the experienced judgment of our actuaries and underwriters to select relativities lower than Beazley’s.

Actuarial Exhibits 1 – 7

Because this is a new product we have no premium or loss data at this time with which to support our proposed rating structure. However, we intend to capture this data as we go forward and it will be used in future analyses to monitor the appropriateness of our pricing.

The attached actuarial exhibits were developed based on:

- Beazley Insurance Company, Inc. data
- Property industry data purchased from ISO
- Company data related to our current commercial property book

Exhibit 1 – Calculation of Loss Cost Multiplier (LCM)

Details the initial loss cost multiplier to be used in the rating of Package Solution™. The LCM is based on a 5-year analysis of our countrywide commercial property expenses.

Exhibit 2 – Profit & Contingencies Allowance

Outlines the calculation of the Profit & Contingencies Allowance shown on Exhibit 1, line E.

Exhibit 3 – Explanation of Calculation of Allowance for Profit & Contingencies

Explains the discounted cash flow model used to calculate the Profit & Contingencies Allowance.

Exhibit 4 – Countrywide Experience

Displays the premium and loss experience related to our current property book.

Exhibit 5 – Relativities and Loss Costs

Details the base class unlimited loss cost for Package Solution™, as well as the relativities associated with each of the property pricing variables of Construction, Combustibility, Public Protection Class and Sprinkler Protection. The combination of these was used to develop the base loss costs shown in the tables on pages 2 and 3 of this exhibit.

Exhibit 6 – Industry Relativity Factors

The Selected Industry Relativities, developed at the 2-digit Standard Industry Classification (SIC) level, are one of a series of modifications that will be applied to the base loss costs during the rating process. Primarily, we chose to use the Beazley factors but did judgmentally adjust some of the SIC codes.

Exhibit 7 – State Relativities

State Relativities were developed to take into consideration the differences in all-risk loss costs in various regions of the country. These are another of a series of modifications that will be applied to the base loss costs during the rating process.

Actuarial Exhibits A - F**Package Solution™****Exhibit A****Estimated Loss Cost Impact of Default Limits**

Reduction of Coverage	Beazley Default Limit	Package Solution™ Default Limit	Impact of Difference
Accounts Receivable	\$500,000	\$0	-0.1%
Arson or Theft Reward	\$100,000	\$50,000	0.0%
Civil and Military Authority	30 days	21 days	-0.1%
Contingent Business Interruption and Contingent Extra Expense	\$100,000	0	-0.1%
Course of Construction	Excluded	\$250,000	0.0%
Demolition and Increased Cost of Construction	\$1,000,000	0	-0.5%
Electronic Data Processing	\$500,000	0	-0.5%
Errors and Omissions	\$1,000,000	0	-1.0%
Expediting Expenses	\$250,000	0	-0.5%
Extended Period of Indemnity	60 days	180 days	0.1%
Fine Arts,	\$250,000	0	-0.3%
Fire Fighting Materials and Expense	\$100,000	replacement cost	0.0%
Fungus, Mold or Mildew	\$1,000,000	\$50,000	-0.9%
Ingress/Egress	30 days	21 days	-0.1%
Installation Floater	\$250,000	0	-0.3%
Installation of PP or PP of Others			0.0%
Land and Water Clean Up Expense	\$50,000	\$25,000	-0.2%
Leasehold Interest	\$250,000	0	-0.3%
Locks and Keys	\$100,000	0	-0.1%
Mobile Equipment and Tools	\$250,000	0	-1.0%
Money and Securities	\$100,000	0	-0.8%
Newly Acquired Property	\$2,500,000	0	-1.3%
Off-Premises Services Interruption	\$250,000	0	-0.4%
Pavement and Roadways	\$250,000	\$50,000	0.0%
Personal Property at Exhibitions	\$0	\$50,000	0.0%
Personal Property of Employees	\$0	\$50,000	0.0%
Personal Property Off Premises	\$0	\$100,000	0.0%
Professional Fees	\$100,000	\$25,000	-0.2%
Property Removed From Location(s)	replacement cost	replacement cost	0.0%
Protections and Preservation of Property	replacement cost	replacement cost	0.0%
Bulkheads, Piers, Wharves,	Included	Excluded	0.0%
Soft Costs	\$100,000	0	-0.1%
Transit	\$250,000	0	-0.2%
Trees, Shrubs, Plants and Lawns	\$100,000	\$100,000	0.0%
Unnamed Locations	\$1,000,000	0	-1.0%
Valuable Papers and Records	\$500,000	0	-0.8%
Water & Sewer Backup	Incl in base rate	\$100,000	-1.0%
Debris Removal	\$25,000	\$50,000	0.2%
Total Impact to Expected Losses - Average Sized Risk			-11.2%

Actuarial Exhibits A - F

Package Solution™

Exhibit A (Cont)

Adjustment to Non-Catastrophe Base Loss Cost

Base Loss Cost	Beazley Loss Cost	Package Solution™ Proposed Loss Cost	Loss Cost Differential
Adequate Sprinkler; NC; C-3; PPC 1-4	\$0.072	\$0.064	-11.2%

Actuarial Exhibits A - F**Package Solution™****Exhibit B****Wind (Named Storm) LC Comparison**

ST	County, ST	Beazley LC	Package Solution™ LC
AL	BALDWIN,AL	0.386	0.386
	CLARKE,AL		0.010
	COVINGTON,AL		0.074
	ESCAMBIA,AL		0.074
	GENEVA,AL		0.020
	MOBILE,AL	0.386	0.386
	MONROE,AL		0.020
	WASHINGTON,AL		0.074
CT	FAIRFIELD,CT	0.013	0.013
	HARTFORD,CT		0.010
	LITCHFIELD,CT		0.010
	MIDDLESEX,CT	0.013	0.013
	NEW HAVEN,CT	0.013	0.013
	NEW LONDON,CT	0.013	0.013
	TOLLAND,CT		0.010
	WINDHAM,CT		0.010
DE	KENT,DE		0.010
	NEW CASTLE,DE		0.010
	SUSSEX,DE	0.023	0.023
FL	ALACHUA,FL	0.074	0.074
	BAKER,FL	0.050	0.050
	BAY,FL	0.386	0.386
	BRADFORD,FL	0.050	0.050
	BREVARD,FL	0.206	0.206
	BROWARD,FL	0.302	0.302
	CALHOUN,FL	0.116	0.116
	CHARLOTTE,FL	0.247	0.247
	CITRUS,FL	0.119	0.119
	CLAY,FL	0.050	0.050
	COLLIER,FL	0.247	0.247
	COLUMBIA,FL	0.050	0.050
	DE SOTO,FL	0.074	0.074
	DIXIE,FL	0.247	0.247
	DUVAL,FL	0.081	0.081
	ESCAMBIA,FL	0.386	0.386
	FLAGLER,FL	0.149	0.149
	FRANKLIN,FL	0.386	0.386
	GADSDEN,FL	0.050	0.050
	GILCHRIST,FL	0.074	0.074
	GLADES,FL	0.074	0.074
	GULF,FL	0.386	0.386
	HAMILTON,FL	0.050	0.050

Actuarial Exhibits A - F**Package Solution™**

ST	County, ST	Beazley LC	Package Solution™ LC
FL (Cont)	HARDEE,FL	0.074	0.074
	HENDRY,FL	0.074	0.074
	HERNANDO,FL	0.119	0.119
	HIGHLANDS,FL	0.074	0.074
	HILLSBOROUGH,FL	0.119	0.119
	HOLMES,FL	0.116	0.116
	INDIAN RIVER,FL	0.206	0.206
	JACKSON,FL	0.116	0.116
	JEFFERSON,FL	0.119	0.119
	LAFAYETTE,FL	0.074	0.074
	LAKE,FL	0.062	0.062
	LEE,FL	0.247	0.247
	LEON,FL	0.050	0.050
	LEVY,FL	0.119	0.119
	LIBERTY,FL	0.116	0.116
	MADISON,FL	0.074	0.074
	MANATEE,FL	0.247	0.247
	MARION,FL	0.062	0.062
	MARTIN,FL	0.206	0.206
	MIAMI DADE,FL	0.454	0.454
	MONROE,FL	0.454	0.454
	NASSAU,FL	0.081	0.081
	OKALOOSA,FL	0.386	0.386
	OKEECHOBEE,FL	0.074	0.074
	ORANGE,FL	0.062	0.062
	OSCEOLA,FL	0.062	0.062
	PALM BEACH,FL	0.302	0.302
	PASCO,FL	0.119	0.119
	PINELLAS,FL	0.247	0.247
	POLK,FL	0.062	0.062
	PUTNAM,FL	0.050	0.050
	SAINT JOHNS,FL	0.081	0.081
	SAINT LUCIE,FL	0.206	0.206
	SANTA ROSA,FL	0.386	0.386
	SARASOTA,FL	0.247	0.247
	SEMINOLE,FL	0.062	0.062
	SUMTER,FL	0.062	0.062
	SUWANNEE,FL	0.074	0.074
	TAYLOR,FL	0.247	0.247
	UNION,FL	0.050	0.050
	VOLUSIA,FL	0.149	0.149
	WAKULLA,FL	0.119	0.119
	WALTON,FL	0.386	0.386
	WASHINGTON,FL	0.119	0.119
GA	BRANTLEY,GA	0.018	0.018
	BROOKS,GA		0.010
	BRYAN,GA	0.091	0.091

Actuarial Exhibits A - F**Package Solution™**

ST	County, ST	Beazley LC	Package Solution™ LC
GA (Cont)	BULLOCH,GA		0.010
	CAMDEN,GA	0.091	0.091
	CHARLTON,GA	0.018	0.018
	CHATHAM,GA	0.091	0.091
	EFFINGHAM,GA	0.018	0.018
	EVANS,GA		0.010
	GLYNN,GA	0.091	0.091
	LIBERTY,GA	0.091	0.091
	LONG,GA	0.018	0.018
	MCINTOSH,GA	0.091	0.091
	TATTNALL,GA		0.010
	THOMAS,GA		0.010
	WAYNE,GA	0.018	0.018
HI	HAWAII,HI	0.302	0.302
	HONOLULU,HI	0.302	0.302
	KAUAI,HI	0.302	0.302
	MAUI,HI	0.302	0.302
LA	ACADIA,LA	0.048	0.048
	ALLEN,LA	0.048	0.048
	ASCENSION,LA	0.020	0.022
	ASSUMPTION,LA	0.252	0.048
	BEAUREGARD,LA	0.048	0.048
	CALCASIEU,LA	0.048	0.048
	CAMERON,LA	0.252	0.252
	EAST BATON ROUGE,LA	0.048	0.048
	EAST FELICIANA,LA	0.048	0.048
	EVANGELINE,LA	0.048	0.048
	IBERIA,LA	0.252	0.252
	IBERVILLE,LA	0.048	0.048
	JEFFERSON DAVIS,LA	0.048	0.048
	JEFFERSON,LA	0.252	0.252
	LAFAYETTE,LA	0.048	0.048
	LAFOURCHE,LA	0.252	0.252
	LIVINGSTON,LA	0.020	0.022
	ORLEANS,LA	0.111	0.111
	PLAQUEMINES,LA	0.252	0.252
	POINT COUPEE,LA	0.048	0.048
	SAINT BERNARD,LA	0.111	0.111
	SAINT CHARLES,LA	0.252	0.048
	SAINT JAMES,LA	0.252	0.048
	SAINT MARTIN,LA	0.252	0.048
	SAINT MARY,LA	0.252	0.252
	SAINT TAMMANY,LA	0.020	0.111
	ST JOHN THE BAPTIST,LA	0.252	0.048
	ST. HELENA,LA	0.048	0.048
	ST. LANDRY,LA	0.048	0.048
	TANGIPAHOA,LA	0.020	0.022

Actuarial Exhibits A - F**Package Solution™**

ST	County, ST	Beazley LC	Package Solution™ LC
LA (Cont)	TERREBONNE,LA	0.252	0.252
	VERMILION,LA	0.252	0.252
	WASHINGTON,LA	0.020	0.022
	WEST BATON ROUGE,LA	0.048	0.048
	WEST FELICIANA,LA	0.048	0.048
MA	BARNSTABLE,MA	0.027	0.027
	BRISTOL,MA	0.027	0.027
	DUKES,MA	0.027	0.027
	ESSEX,MA	0.011	0.011
	MIDDLESEX,MA	0.011	0.011
	NANTUCKET,MA	0.027	0.027
	NORFOLK,MA	0.011	0.011
	PLYMOUTH,MA	0.027	0.027
	SUFFOLK,MA	0.011	0.011
	WORCESTER,MA	0.011	0.011
MD	ANNE ARUNDEL,MD	0.028	0.028
	BALTIMORE CITY,MD	0.028	0.028
	BALTIMORE,MD	0.028	0.028
	CALVERT,MD	0.028	0.028
	CAROLINE,MD	0.028	0.028
	CECIL,MD	0.028	0.028
	CHARLES,MD	0.028	0.028
	DORCHESTER,MD	0.028	0.028
	HARFORD,MD	0.028	0.028
	HOWARD,MD	0.028	0.028
	KENT,MD	0.028	0.028
	MONTGOMERY,MD	0.028	0.028
	PRINCE GEORGE'S,MD	0.028	0.028
	QUEEN ANNES,MD	0.028	0.028
	SAINT MARYS,MD	0.028	0.028
	SOMERSET,MD	0.028	0.028
	TALBOT,MD	0.028	0.028
	WICOMICO,MD	0.028	0.028
	WORCHESTER,MD	0.028	0.028
ME	ANDROSCOGGIN,ME		0.005
	AROOSTOOK,ME		0.005
	CUMBERLAND,ME	0.007	0.007
	HANCOCK,ME	0.007	0.007
	KENNEBEC,ME		0.005
	KNOX,ME	0.007	0.007
	LINCOLN,ME	0.007	0.007
	OXFORD,ME		0.005
	PENOBSCOT,ME	0.007	0.007
	SAGADAHOC,ME	0.007	0.007
	WALDO,ME	0.007	0.007
	WASHINGTON,ME	0.007	0.007
	YORK,ME	0.007	0.007

Actuarial Exhibits A - F**Package Solution™**

ST	County, ST	Beazley LC	Package Solution™ LC
MS	AMITE,MS	0.042	0.042
	AMRIO,MS	0.042	0.042
	FORREST,MS	0.042	0.042
	GEORGE,MS	0.218	0.042
	GREEN,MS	0.042	0.042
	HANCOCK,MS	0.218	0.218
	HARRISON,MS	0.218	0.218
	JACKSON,MS	0.218	0.218
	LAMAR,MS	0.042	0.042
	PEARL RIVER,MS	0.218	0.042
	PERRY,MS	0.042	0.042
	PIKE,MS	0.042	0.042
	STONE,MS	0.218	0.042
	WALTHALL,MS	0.042	0.042
	WILKINSON,MS	0.042	0.042
NC	BEAUFORT,NC	0.048	0.129
	BERTIE,NC	0.048	0.129
	BLADEN,NC	0.048	0.048
	BRUNSWICK,NC	0.228	0.228
	CAMDEN,NC	0.129	0.129
	CARTERET,NC	0.228	0.228
	CHOWAN,NC	0.048	0.129
	COLUMBUS,NC	0.129	0.048
	CRAVEN,NC	0.129	0.048
	CUMBERLAND,NC	0.048	0.048
	CURRITUCK,NC	0.129	0.129
	DARE,NC	0.129	0.129
	DUPLIN,NC	0.048	0.048
	EDGECOMBE,NC	0.021	0.048
	GATES,NC	0.021	0.021
	GREENE,NC	0.021	0.021
	HALIFAX,NC		0.010
	HARNETT,NC	0.048	0.048
	HERTFORD,NC	0.021	0.021
	HOKE,NC	0.021	0.021
	HYDE,NC	0.129	0.129
	JOHNSTON,NC	0.048	0.048
	JONES,NC	0.129	0.048
	LENOIR,NC	0.048	0.021
	MARTIN,NC	0.021	0.021
	NEW HANOVER,NC	0.228	0.228
	NORTHAMPTON,NC		0.010
	ONSLOW,NC	0.228	0.228
	PAMLICO,NC	0.129	0.129
	PASQUOTANK,NC	0.129	0.129
	PENDER,NC	0.228	0.228
	PERQUIMANS,NC	0.048	0.129

Actuarial Exhibits A - F**Package Solution™**

ST	County, ST	Beazley LC	Package Solution™ LC
NC (Cont)	PITT,NC	0.021	0.021
	ROBESON,NC	0.048	0.048
	SAMPSON,NC	0.048	0.048
	SCOTLAND,NC	0.021	0.021
	TYRRELL,NC	0.129	0.129
	WASHINGTON,NC	0.048	0.129
	WAYNE,NC	0.021	0.021
	WILSON,NC	0.021	0.021
NH	CARROLL,NH		0.005
	HILLSBOROUGH,NH		0.005
	MERRIMACK,NH		0.005
	ROCKINGHAM,NH	0.009	0.009
	STRAFFORD,NH		0.005
NJ	ATLANTIC,NJ		0.015
	BERGEN,NJ		0.005
	BURLINGTON,NJ		0.015
	CAMDEN,NJ		0.005
	CAPE MAY,NJ		0.015
	CUMBERLAND,NJ		0.015
	ESSEX,NJ		0.015
	GLOUCESTER,NJ		0.005
	HUDSON,NJ		0.015
	MERCER,NJ		0.005
	MIDDLESEX,NJ		0.015
	MONMOUTH,NJ		0.015
	MORRIS,NJ		0.005
	OCEAN,NJ		0.015
	PASSAIC,NJ		0.005
	SALEM,NJ		0.005
	SOMERSET,NJ		0.005
	UNION,NJ		0.015
NY	BRONX,NY	0.016	0.016
	DUTCHESS,NY		0.005
	KINGS,NY	0.016	0.016
	NASSAU,NY	0.036	0.036
	NEW YORK,NY	0.016	0.016
	PUTNAM,NY		0.005
	QUEENS,NY	0.016	0.016
	RICHMOND,NY	0.016	0.016
	ROCKLAND,NY		0.005
	SUFFOLK,NY	0.036	0.036
	WESTCHESTER,NY		0.005
PA	BUCKS,PA		0.005
	DELAWARE,PA		0.005
	PHILADELPHIA,PA		0.005

Actuarial Exhibits A - F**Package Solution™**

ST	County, ST	Beazley LC	Package Solution™ LC
PR	PUERTO RICO,PR	0.454	0.454
RI	BRISTOL,RI	0.025	0.025
	KENT,RI		0.010
	NEWPORT,RI	0.025	0.025
	PROVIDENCE,RI		0.010
	WASHINGTON,RI	0.025	0.025
SC	ALLENDALE,SC	0.053	0.053
	BAMBERG,SC	0.053	0.010
	BARNWELL,SC	0.053	0.053
	BEAUFORT,SC	0.317	0.167
	BERKELEY,SC	0.167	0.053
	CHARLESTON,SC	0.317	0.317
	CLARENDON,SC	0.053	0.053
	COLLETON,SC	0.167	0.167
	DARLINGTON,SC	0.053	0.053
	DILLON,SC	0.053	0.053
	DORCHESTER,SC	0.167	0.053
	FLORENCE,SC	0.053	0.053
	GEORGETOWN,SC	0.317	0.317
	HAMPTON,SC	0.167	0.032
	HORRY,SC	0.317	0.317
	JASPER,SC	0.167	0.167
	LEE,SC	0.053	0.053
	MARION,SC	0.167	0.053
	MARLBORO,SC	0.053	0.053
	ORANGEBURG,SC	0.053	0.053
	SUMTER,SC	0.053	0.053
	WILLIAMSBURG,SC	0.167	0.053
TX	ARANSAS,TX	0.365	0.365
	AUSTIN,TX	0.018	0.018
	BEE,TX	0.045	0.045
	BRAZORIA,TX	0.255	0.255
	BROOKS,TX	0.018	0.018
	CALHOUN,TX	0.255	0.255
	CAMERON,TX	0.110	0.110
	CHAMBERS,TX	0.255	0.255
	COLORADO,TX	0.018	0.010
	DE WITT,TX	0.018	0.030
	DUVAL,TX	0.018	0.018
	FORT BEND,TX	0.045	0.045
	GALVESTON,TX	0.255	0.255
	GOLIAD,TX	0.045	0.045
	HARDIN,TX	0.045	0.045
	HARRIS,TX	0.045	0.045
	HIDALGO,TX	0.018	0.018
	JACKSON,TX	0.045	0.110
	JASPER,TX	0.045	0.010

Actuarial Exhibits A - F**Package Solution™**

ST	County, ST	Beazley LC	Package Solution™ LC
TX (Cont)	JEFFERSON, TX	0.255	0.255
	JIM HOGG, TX	0.018	0.018
	JIM WELLS, TX	0.045	0.045
	KARNES, TX	0.018	0.018
	KENEDY, TX	0.110	0.110
	KLEBERG, TX	0.365	0.365
	LAVACA, TX	0.018	0.010
	LIBERTY, TX	0.045	0.045
	LIVE OAK, TX	0.045	0.045
	MATAGORDA, TX	0.255	0.255
	MCMULLEN, TX	0.018	0.018
	MONTGOMERY, TX	0.018	0.018
	NEWTON, TX	0.045	0.010
	NUECE, TX	0.365	0.365
	ORANGE, TX	0.255	0.110
	POLK, TX	0.018	0.018
	REFUGIO, TX	0.255	0.255
	SAN JACINTO, TX	0.018	0.018
	SAN PATRICIO, TX	0.365	0.365
	STARR WELLER, TX	0.018	0.018
	TYLER, TX	0.045	0.045
	VICTORIA, TX	0.045	0.045
	WHARTON, TX	0.045	0.045
	WILLACY, TX	0.110	0.110
VA	ACCOMACK, VA	0.035	0.035
	ALEXANDRIA, VA	0.035	0.035
	ARLINGTON, VA	0.035	0.035
	CAROLINE, VA		0.005
	CHARLES CITY, VA		0.005
	CHESAPEAKE CITY, VA	0.035	0.020
	ESSEX, VA	0.035	0.005
	FAIRFAX, VA	0.035	0.035
	FREDERICKSBURG, VA	0.035	0.035
	GLOUCESTER, VA	0.035	0.035
	HAMPTON CITY, VA	0.035	0.035
	ISLE OF WIGHT, VA		0.005
	JAMES CITY, VA		0.005
	KING AND QUEEN, VA		0.005
	KING GEORGE, VA		0.005
	KING WILLIAM, VA		0.005
	LANCASTER, VA	0.035	0.035
	MATHEWS, VA	0.035	0.035
	MIDDLESEX, VA	0.035	0.035
	NEW KENT, VA		0.005
	NEWPORT NEWS CITY, VA	0.035	0.035
	NORFOLK CITY, VA	0.035	0.035
	NORTHAMPTON, VA	0.035	0.035

Actuarial Exhibits A - F

Package Solution™

ST	County, ST	Beazley LC	Package Solution™ LC
VA (Cont)	NORTHUMBERLAND,VA	0.035	0.035
	POQUOSON CITY,VA	0.035	0.035
	PORTSMOUTH CITY,VA	0.035	0.035
	PRINCE GEORGE,VA		0.005
	PRINCE WILLIAM,VA	0.035	0.035
	RICHMOND,VA	0.035	0.005
	STAFFORD,VA	0.035	0.035
	SUFFOLK CITY,VA		0.005
	SURRY,VA		0.005
	VIRGINIA BEACH,VA	0.053	0.053
	WESTMORELAND,VA	0.035	0.005
	WILLIAMSBURG CITY,VA	0.035	0.035
	YORK,VA	0.035	0.035

Actuarial Exhibits A - F**Package Solution™****Exhibit C****Earth Movement LC Comparison**

Zone	California Earth Movement	Beazley LC	Package Solution™ LC
A1	San Francisco, San Mateo	0.411	0.411
A2	Alameda, Contra Costa	0.570	0.570
A3	Marin, Napa, Santa Clara, Solano, Sonoma	0.546	0.546
A3	Del Norte, Humboldt, Lake, Mendocino, Santa Cruz	0.250	0.250
A3	Monterey		0.250
B1	Los Angeles (South)	0.447	0.447
B2	Los Angeles (North)	0.447	0.447
B3	Orange	0.367	0.367
C	Kern, San Luis Obispo, Santa Barbara, Ventura	0.273	0.273
D	San Diego	0.150	0.150
E	Alpine, Imperial, Inyo, Mono, Riverside, San Bernardino	0.150	0.150
F	Fresno, Kings, Madera, Mariposa, Merced, Tulare	0.080	0.080
G	Amador, Butte, Calaveras, Colusa, El Dorado, Glenn, Nevada, Placer, Sacramento, San Joaquin, Stanislaus, Sutter, Tuolumne, Yolo, Yuba	0.080	0.080
H	Lassen, Modoc, Plumas, Shasta, Sierra, Siskiyou, Tehama, Trinity	0.060	0.060

State	Puget Sound Earth Movement	Beazley LC	Package Solution™ LC
WA	Clallam, Island, Jefferson, King, Kitsap, Mason, Pierce, San Juan, Skagit, Snohomish, Thurston, Whatcom	0.120	0.120

Actuarial Exhibits A - F**Package Solution™**

State	New Madrid Earth Movement	Beazley LC	Package Solution™ LC
AR	Jackson, Lawrence, Lee, Monroe, Prairie, Randolph, Woodruff, Arkansas, Phillips	0.150	0.150
AR	Independence, White		0.150
AR	Clay, Craighead, Cross, Greene, Poinsett, St. Francis	0.200	0.200
AR	Crittenden, Mississippi	0.280	0.280
IL	Franklin, Gallatin, Hamilton, Hardin, Jackson, Johnson, Perry, Pope, Randolph, Saline, White, Williamson, Edwards, Jefferson, Lawrence, St. Clair, Wabash, Washington, Wayne	0.150	0.150
IL	Alexander, Massac, Pulaski, Union	0.300	0.300
IN	Gibson, Posey, Spencer, Vanderburgh, Warrick, Daviess, Knox, Pike	0.110	0.110
KY	Butler, Christian, Hopkins, Logan, McLean, Muhlenberg, Ohio, Todd, Union, Webster	0.019	0.019
KY	Caldwell, Crittenden, Daviess, Henderson, Livingston, Lyon, Trigg	0.080	0.080
KY	Calloway, Marshall	0.200	0.200
KY	Ballard, Carlisle, Fulton, Graves, Hickman, McCracken	0.280	0.280
MO	Carter, Crawford, Dent, Iron, Jefferson, Madison, Perry, Reynolds, Ripley, Saint Francis, Saint Genevieve, Shannon, Washington, Saint Charles, Saint Louis, St. Louis City	0.110	0.110
MO	Bollinger, Butler, Cape Girardeau, Wayne	0.160	0.160
MO	Dunklin, Mississippi, Pemiscot, Scott, Stoddard	0.280	0.280
MO	New Madrid	0.330	0.330
MS	Benton, Bolivar, Coahoma, Lafayette, Marshall, Panola, Quitman, Sunflower, Tallahatchie, Yalobusha	0.080	0.080
MS	Desoto, Tate, Tunica	0.150	0.150

Actuarial Exhibits A - F**Package Solution™**

		Beazley	Package Solution™
State	New Madrid Earth Movement	LC	LC
TN	Carroll, Chester, Hardeman, Henderson, Henry, Madison, McNairy, Benton, Decatur, Houston, Humphreys, Montgomery, Perry, Stewart	0.110	0.110
TN	Crockett, Fayette, Gibson, Haywood, Lauderdale, Shelby, Tipton, Weakley	0.260	0.260
TN	Dyer, Lake, Obion	0.320	0.320

		Beazley	Package Solution™
State	Rocky Mountains/Western Earth Movement	LC	LC
AK	(All)	0.135	0.135
AZ	(All)	0.020	0.020
CO	(All)	0.020	0.020
ID	(All)	0.025	0.025
MT	(All)	0.025	0.025
NV	(All)	0.035	0.035
NM	(All)	0.020	0.020
OR	(All)	0.025	0.025
UT	(All)	0.025	0.025
WA	(Balance of the State)	0.025	0.025
HI	(All)	0.035	0.035
PR	(All)	0.035	0.035
FL	(All)	0.023	0.023

		Beazley	Package Solution™
All Other Areas of the Country Not Identified Above		LC	LC
All Remaining States		0.015	0.015

Actuarial Exhibits A - F

Package Solution™

Exhibit D

Flood Loss Cost Comparison

Beazley Flood Zone	Loss Cost Range		Package Solution™ Flood Zone	Loss Cost Range	
	Low	High		Low	High
High	\$0.050	\$0.500	High	\$0.050	\$0.500
Moderate	\$0.010	\$0.100	Moderate	\$0.010	\$0.100
Low	\$0.005	\$0.050	Low	\$0.005	\$0.050

Actuarial Exhibits A - F

Package Solution™

Exhibit E

Comparison of Non-Catastrophe Rating Factors

Construction

Construction Description	Construction Code		Beazley		Package Solution™ Proposed
Frame	F		1.580		1.570
Joisted Masonry	JM		1.200		1.200
Non-Combustible	NC		1.000		1.000
Masonry Non-Combustible	MNC		0.925		0.920
Modified Fire-Resistive	MFR		0.840		0.830
Fire-Resistive	FR		0.725		0.720

Public Protection Class

Public Protection Class	Beazley		Package Solution™ Proposed
1 - 4	1.00		1.00
5 - 6	1.05		1.05
7 - 8	1.24		1.24
9 - 10	1.60		1.60

Combustibility

Combustibility Description	Code		Beazley		Package Solution™ Proposed
Non-Combustible	C-1		0.790		0.790
Limited Combustibility	C-2		0.870		0.870
Combustible	C-3		1.000		1.000
Free Burning	C-4		1.290		1.290
Rapid or Flash Burning	C-5		1.980		1.980

Actuarial Exhibits A - F

Package Solution™

Sprinkler Protection

Sprinkler Protection Description	Code		Beazley		Package Solution™ Proposed
Adequate	AS		1.000		1.000
Deficient	DS		1.350		1.350
Non-Sprinklered	NS		1.670		1.670

Actuarial Exhibits A - F

Package Solution™

Exhibit F

Comparison of State Relativity Factors

State Grouping	Beazley Rel	Package Solution™ Rel
West Coast	0.850	0.850
Southeast	0.880	0.880
Mid-Atlantic	0.930	0.930
New England	0.970	0.970
West	1.000	1.000
Non-Continental	1.000	1.000
Upper Midwest	1.100	0.950
Central and Plains	1.150	1.050

Actuarial Exhibits 1-7

Package Solution™

Exhibit 1

Calculation of Countrywide Loss Cost Multiplier

Countrywide Commercial Property Expense Information

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>Selected</u>
A. Commissions	.057	.065	.060	.055	.055	.059
B. Other Acq Exp	.057	.042	.041	.037	.035	.042
C. General Exp	.133	.249	.150	.122	.116	.130
D. Taxes, Lic & Fees						.030
E. Profit & Contingencies Allowance						.027
F. Expense Ratio (= A + B + C + D + E)						.289
G. Expected Loss & LAE Ratio (= 1.0 – F)						.711
H. Indicated Loss Cost Multiplier (= 1 / G)						1.406

Actuarial Exhibits 1-7

Package Solution™

Exhibit 2 Commercial Property Countrywide Profit & Contingencies Allowance

1. Target Post-tax Rate of Return	0.100	
2. Interest Rate	0.053	
3. Federal Income Tax Rate on cash flow	0.350	
4. Investment Income on Initial Surplus	0.032	$[(2) \times (1.0 - (3))] / [1.0 + (2)]$
5. Return on Operations	0.068	(1) - (4)
6. Premium to Surplus Ratio	2.330	
7. Post-tax Return on Operations (ratio to premium)	0.029	(5) / (6)
8. Federal Income Tax on Underwriting and Cash Flow	0.021	(29), see below
9. Target Pre-tax Earnings Rate	0.050	(7) + (8)

	<u>nominal value</u>	<u>discount factor</u>	<u>Discounted Value</u>
10. Premium	1.000	0.975	0.975
11. Total Production Expense	0.101	0.975	0.098
12. General Expense	0.130	0.975	0.127
13. Taxes, Licenses and Fees	0.030	0.975	0.029
14. Premium Disct, RML, Other	0.000	0.975	0.000
15. Loss + LAE	<u>0.712</u>	<u>0.943</u>	<u>0.672</u>
16. Loss + Expense	0.973	0.951	0.926
17. Underwriting Results	0.027		0.050
Inv. Inc. on UW Cash Flow	0.023		(17 disctd) - (17 nominal)

Profit & Contingencies Allowance = 2.7%

Calculation of Federal Income Tax (FIT) on Underwriting and Cash Flow (8)

18. Average Nominal Loss + Expense	0.973	
19. Average Discount Factor used for FIT	0.965	
20. Loss + Expense Discounted for FIT	0.939	(18) x (19)
21. Present Value of Underwriting Results for FIT	0.036	(10) - (20)
22. Tax Rate on Underwriting Results on Profit & Invest.	0.350	
23. FIT on Underwriting Results	0.013	(21) x (22)
24. Nominal Investment Income on Cash Flow	0.025	((17), disc. / (25)) - (17), nominal
25. Average Discount Factor for Loss and Expense	0.951	(16)
26. Discounted Cash Flow	0.024	(24) x (25)
27. Tax Rate on Cash Flow	0.350	
28. FIT on Cash Flow	0.008	(26) x (27)
29. Total Federal Income Tax	0.021	(23) + (28)

Actuarial Exhibits 1-7

Package Solution™

Exhibit 3

Explanation of Calculation of Allowance for Profit & Contingencies

The following is a line-by-line description of the calculation of the 2.7% Profit & Contingencies Allowance. Note that a maximum of 5.0% is used in the loss cost multipliers.

- (1) The target post-tax rate of return (ratio to surplus) of 0.100 is a selected number. We feel this rate of return is appropriate for Commercial Property.
- (2) Interest rate = 5.25%
- (3) Federal Income Tax (FIT) Rate on cash flow = 0.350
NOTE: Federal Income Tax (FIT) Rate on underwriting results = 0.350
- (4) Given the above interest rate and FIT, on a present value basis, we expect 0.032 of the investment income (ratio to surplus) to be generated.
- (5) (1) minus (4) results in the target return of 0.068 on the insurance operation (ratio to surplus) which is needed to generate a total return of 0.100.
- (6) We believe a 2.330 premium to surplus ratio is appropriate for Commercial Property.
- (7) $0.029 = (5) / (6)$ is the post-tax return on operations (ratio to premium).
- (8) Lines 18 through 29 show the impact of FIT on the cash flow and underwriting results that generate a 0.100 post-tax return.
 $0.021 = 0.013 \text{ (FIT on U/W results)} + 0.008 \text{ (FIT on cash flow)}$
- (9) (7) + (8), 0.050 is the target pre-tax return on operations (ratio to premium). Note that (9) ties to the discounted value of (17), (premium - loss - expense).

We wish to solve the following problem:

- | | |
|--------|------------------------------------------------------------------------------------------------------------------------|
| Given: | a. Discounted value of Underwriting Results = 0.050
b. Discount factors
c. Expense items |
| Find: | a. The discounted loss + LAE that generates a return of 0.050
b. The undiscounted value of the Underwriting Result. |

- (10) 0.975 is the premium discount factor. Premiums are collected, on average, at midyear.
- (11)-(14) 0.975 is the expense discount factor, 0.975 is the taxes, licenses and fees discount factor, and 0.975 is the Other discount factor.

Actuarial Exhibits 1-7

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- (15) Discounted loss + LAE = (disc. premium) - (disc. expense) - (target U/W result)
 $0.672 = 0.975 - 0.098 - 0.127 - 0.029 - 0.000 - 0.050$

$$\text{Undiscounted loss + LAE} = (\text{disc. loss + LAE}) / (\text{loss + LAE disc. factor})$$
$$0.712 = 0.672 / 0.943$$

(The loss + LAE discount factor is based on Wausau Insurance Companies countrywide loss payout patterns and assumes a 5.25% interest rate.)

- (17) (undisc. underwriting results) = (undisc. premium) - (undisc. loss + expense)
 $0.027 = 1.000 - 0.973$
This is the U/W gain (loss) that will result in the post-tax return-on-surplus of 0.100.

Actuarial Exhibits 1-7

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Exhibit 4

Commercial Property
Countrywide Experience

Accident Year	Premiums Earned	Losses Incurred	ALAE Incurred	Loss &ALAE Ratio
2002	\$74,907,146	\$32,349,416	\$ 2,670,786	46.8%
2003	\$72,970,612	\$28,883,336	\$ 2,499,457	43.0%
2004	\$72,405,598	\$39,849,938	\$ 1,532,761	57.2%
2005	\$72,174,914	\$41,913,672	\$ 1,899,622	60.7%
2006	\$76,746,779	\$20,812,489	\$ 747,742	28.1%
2007	\$83,289,717	\$34,198,469	\$ 1,109,781	42.4%
TOTAL	\$452,494,765	\$198,007,319	\$10,460,149	46.1%

Actuarial Exhibits 1-7

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Exhibit 5 Relativities and Loss Costs

<u>Construction relativities</u>		<u>Combustibility relativities</u>	
<u>Type</u>	<u>Relativity</u>		<u>Relativity</u>
Frame	1.570	1	.790
Joisted Masonry	1.200	2	.870
Non-Combustible	1.000	3	1.000
Masonry Non-Combustible	.920	4	1.290
Modified Fire-Resistive	.830	5	1.980
Fire-Resistive	.720		

<u>Protection Class relativities</u>		<u>Sprinkler relativities</u>	
<u>Class</u>	<u>Relativity</u>	<u>Sprinklered</u>	<u>Relativity</u>
1-4	1.000	AS	1.00
5-6	1.050	DS	1.35
7-8	1.240		
9-10	1.600	NS	1.67

Formula for calculating base loss costs:

Base Loss Cost =

Base Class Unlimited Loss Cost X Construction Rel. X Combustibility Rel. X Prot Class Rel. X Sprinklered Rel.

"Base Class" = Noncombustible construction / C3 combustibility rating / Protection class 1-4 / Sprinklered

"Base Class" Unlimited Loss Cost = **.064**

Actuarial Exhibits 1-7

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EXAMPLE Frame/C2 Combustibility/PPC 5/Non-Sprinklered loss cost calculation is derived as follows:

Base	Loss Cost	Construct Rel	Combust Rel	Prot Class Rel	Sprinklered Rel	Loss Cost
	0.064	1.570	.870	1.050	1.670	0.153

Public Protection	Sprinkler Protection				
Class 1 - 4	Combustibility Code				
Construction	C1	C2	C3	C4	C5
FR	0.036	0.040	0.046	0.059	0.091
MFR	0.042	0.046	0.053	0.069	0.105
MNC	0.047	0.051	0.059	0.076	0.117
NC	0.051	0.056	0.064	0.083	0.127
JM	0.061	0.067	0.077	0.099	0.152
F	0.079	0.087	0.100	0.130	0.199

Public Protection	Deficient Sprinkler Protection				
Class 1 - 4	Combustibility Code				
Construction	C1	C2	C3	C4	C5
FR	0.049	0.054	0.062	0.080	0.123
MFR	0.057	0.062	0.072	0.093	0.142
MNC	0.063	0.069	0.079	0.103	0.157
NC	0.068	0.075	0.086	0.111	0.171
JM	0.082	0.090	0.104	0.134	0.205
F	0.107	0.118	0.136	0.175	0.269

Public Protection	No Sprinkler Protection				
Class 1 - 4	Combustibility Code				
Construction	C1	C2	C3	C4	C5
FR	0.061	0.067	0.077	0.099	0.152
MFR	0.070	0.077	0.089	0.114	0.176
MNC	0.078	0.086	0.098	0.127	0.195
NC	0.084	0.093	0.107	0.138	0.212
JM	0.101	0.112	0.128	0.165	0.254
F	0.133	0.146	0.168	0.216	0.332

Public Protection	Sprinkler Protection				
Class 5 - 6	Combustibility Code				
Construction	C1	C2	C3	C4	C5
FR	0.038	0.042	0.048	0.062	0.096
MFR	0.044	0.049	0.056	0.072	0.110
MNC	0.049	0.054	0.062	0.080	0.122
NC	0.053	0.058	0.067	0.087	0.133
JM	0.064	0.070	0.081	0.104	0.160
F	0.083	0.092	0.106	0.136	0.209

Public Protection	Deficient Sprinkler Protection				
Class 5 - 6	Combustibility Code				
Construction	C1	C2	C3	C4	C5
FR	0.052	0.057	0.065	0.084	0.129
MFR	0.059	0.066	0.075	0.097	0.149
MNC	0.066	0.073	0.083	0.108	0.165
NC	0.072	0.079	0.091	0.117	0.180
JM	0.086	0.095	0.109	0.140	0.216
F	0.113	0.124	0.142	0.184	0.282

Public Protection	No Sprinkler Protection				
Class 5 - 6	Combustibility Code				
Construction	C1	C2	C3	C4	C5
FR	0.064	0.070	0.081	0.104	0.160
MFR	0.074	0.081	0.093	0.120	0.184
MNC	0.082	0.090	0.103	0.133	0.204
NC	0.089	0.098	0.112	0.145	0.222
JM	0.106	0.117	0.135	0.174	0.267
F	0.139	0.153	0.176	0.227	0.349

Public Protection	Sprinkler Protection				
Class 7 - 8	Combustibility Code				
Construction	C1	C2	C3	C4	C5
FR	0.045	0.050	0.057	0.074	0.113
MFR	0.052	0.057	0.066	0.085	0.130
MNC	0.058	0.064	0.073	0.094	0.145
NC	0.063	0.069	0.079	0.102	0.157
JM	0.075	0.083	0.095	0.123	0.189
F	0.098	0.108	0.125	0.161	0.247

Public Protection	Deficient Sprinkler Protection				
Class 7 - 8	Combustibility Code				
Construction	C1	C2	C3	C4	C5
FR	0.061	0.067	0.077	0.100	0.153
MFR	0.070	0.077	0.089	0.115	0.176
MNC	0.078	0.086	0.099	0.127	0.195
NC	0.085	0.093	0.107	0.138	0.212
JM	0.102	0.112	0.129	0.166	0.255
F	0.133	0.146	0.168	0.217	0.333

Public Protection	No Sprinkler Protection				
Class 7 - 8	Combustibility Code				
Construction	C1	C2	C3	C4	C5
FR	0.075	0.083	0.095	0.123	0.189
MFR	0.087	0.096	0.110	0.142	0.218
MNC	0.096	0.106	0.122	0.157	0.241
NC	0.105	0.115	0.133	0.171	0.262
JM	0.126	0.138	0.159	0.205	0.315
F	0.164	0.181	0.208	0.268	0.412

Actuarial Exhibits 1-7

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Public Protection Class 9 - 10	Sprinkler Protection				
	Combustibility Code				
Construction	C1	C2	C3	C4	C5
FR	0.058	0.064	0.074	0.095	0.146
MFR	0.067	0.074	0.085	0.110	0.168
MNC	0.074	0.082	0.094	0.122	0.187
NC	0.081	0.089	0.102	0.132	0.203
JM	0.097	0.107	0.123	0.159	0.243
F	0.127	0.140	0.161	0.207	0.318

Public Protection Class 9 - 10	Deficient Sprinkler Protection				
	Combustibility Code				
Construction	C1	C2	C3	C4	C5
FR	0.079	0.087	0.100	0.128	0.197
MFR	0.091	0.100	0.115	0.148	0.227
MNC	0.100	0.111	0.127	0.164	0.252
NC	0.109	0.120	0.138	0.178	0.274
JM	0.131	0.144	0.166	0.214	0.328
F	0.171	0.189	0.217	0.280	0.430

Public Protection Class 9 - 10	No Sprinkler Protection				
	Combustibility Code				
Construction	C1	C2	C3	C4	C5
FR	0.097	0.107	0.123	0.159	0.244
MFR	0.112	0.123	0.142	0.183	0.281
MNC	0.124	0.137	0.157	0.203	0.312
NC	0.135	0.149	0.171	0.221	0.339
JM	0.162	0.179	0.205	0.265	0.406
F	0.212	0.234	0.268	0.346	0.532

Actuarial Exhibits 1-7

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Exhibit 6
Industry Relativity Factors

SIC SIC Description			
		Beazley	Package Solution™
Agricultural, Forestry and Fishing			
01	Agricultural Production - Crops	1.200	1.200
02	Agricultural Production - Livestock	1.200	1.200
07	Agricultural Services	1.200	1.200
08	Forestry	1.200	1.200
09	Fishing, Hunting and Trapping	1.200	1.200
Mining			
10	Metal Mining	1.200	1.200
12	Coal Mining	1.200	1.300
13	Oil and Gas Extraction	1.100	1.300
14	Nonmetallic Minerals, Except Fuels	1.100	1.100
Construction			
15	General Building Contractors	1.200	1.200
16	Heavy Construction, Except Building	1.100	1.100
17	Specialty Trade Contractors	1.100	1.050
Manufacturing			
20	Food and Kindred Products	0.900	1.000
21	Tobacco Products	1.100	1.100
22	Textile Mill Products	1.100	1.100
23	Apparel and Other Textile Products	1.000	1.000
24	Lumber and Wood Products	1.100	1.100
25	Furniture and Fixtures	0.950	0.950
26	Paper and Allied Products	1.100	1.100
27	Printing and Publishing	0.950	0.950
28	Chemical and Allied Products	1.150	1.150
29	Petroleum and Coal Products	1.200	1.300
30	Rubber and Miscellaneous Plastics Products	1.100	1.200
31	Leather and Leather Products	1.000	1.000
32	Stone, Clay and Glass Products	1.000	1.000
33	Primary Metal Industries	1.100	1.000
34	Fabricated Metal Products	0.900	0.900
35	Industrial Machinery and Equipment	0.900	0.900
36	Electronic and Other Electric Equipment	0.900	0.900

Actuarial Exhibits 1-7

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37	Transportation Equipment	1.100	1.100
38	Instruments and Related Products	0.900	0.900
39	Miscellaneous Manufacturing Industries	0.950	0.950
Transportation and Public Utilities			
40	Railroad Transportation	1.100	1.100
41	Local and Interurban Passenger Transit	1.100	1.100
42	Trucking and Warehousing	1.100	1.100
43	U.S. Postal Service	1.100	1.100
44	Water Transportation	1.100	1.100
45	Transportation by Air	1.100	1.100
46	Pipelines, Except Natural Gas	1.200	1.200
47	Transportation Services	1.000	1.000
48	Communication	1.000	1.000
49	Electric, Gas and Sanitary Services	1.100	1.000
Wholesale Trade			
50	Wholesale Trade - Durable Goods	0.950	0.900
51	Wholesale Trade - Nondurable Goods	0.900	0.950
Retail Trade			
52	Building Materials and Garden Supplies	1.000	1.000
53	General Merchandise Stores	0.900	0.900
54	Food Stores	0.900	1.000
55	Automotive Dealers and Service Stations	1.000	1.000
56	Apparel and Accessory Stores	0.950	1.000
57	Furniture and Homefurnishings Stores	1.000	1.000
58	Eating and Drinking Places	1.000	1.000
59	Miscellaneous Retail	1.000	1.000
Finance, Insurance and Real Estate			
60	Depository Institutions	0.900	0.900
61	Nondepository Institutions	0.900	0.900
62	Security and Commodity Brokers	0.900	0.800
63	Insurance Carriers	0.800	0.800
64	Insurance Agents, Brokers and Service	0.800	0.800
65	Real Estate	0.800	0.800
67	Holding and Other Investment Offices	0.900	0.900
Services			
70	Hotels and Other Lodging Places	0.900	1.000
72	Personal Services	1.000	1.000
73	Business Services	0.900	0.900
75	Auto Repair, Services and Parking	0.900	0.900

Actuarial Exhibits 1-7

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76	Miscellaneous Repair Services	0.900	0.900
78	Motion Pictures	1.000	0.900
79	Amusement and Recreation Services	0.950	0.950
80	Health Services	0.900	0.900
81	Legal Services	0.900	0.800
82	Educational Services	1.000	0.900
83	Social Services	1.000	0.900
84	Museums, Botanical, Zoological Gardens	1.050	1.000
86	Membership Organizations	1.000	0.950
87	Engineering and Management Services	0.900	0.900
88	Private Households	1.100	1.200
89	Services (not elsewhere classified)	1.000	1.000
<hr/> Public Administration			
91	Executive, Legislative and General	1.000	1.000
92	Justice, Public Order and Safety	1.000	1.000
93	Finance, Taxation and Monetary Policy	1.000	1.000
94	Administration of Human Resources	1.000	1.000
95	Environmental Quality and Housing	1.000	1.000
96	Administration of Economic Programs	1.000	1.000
97	National Security and International Affairs	1.000	1.000
<hr/> Nonclassifiable Establishments			
99	Nonclassifiable Establishments	1.000	1.000

Actuarial Exhibits 1-7

Package Solution™

Exhibit 7
State Relativities

Region	State	Package Solution™ State Rel
West Coast	CA, OR, WA	0.850
Southeast	AL, FL, GA, NC, SC	0.880
Mid-Atlantic	DC, DE, MD, NJ, NY, PA, VA, WV	0.930
New England	CT, MA, ME, NH, RI, VT	0.970
West	AZ, CO, ID, MT, ND, NM, NV, SD, UT, WY	1.000
Non-Continental	AK, HI, PR	1.000
Upper Midwest	MI, MN, WI	0.950
Central and Plains	AR, IA, IL, IN, KS, KY, LA, MO, MS, NE, OH, OK, TN, TX	1.050

FORM RF2-Reference filing abstract NAIC LOSS COST FILING DOCUMENT—OTHER THAN WORKERS' COMPENSATION

CALCULATION OF COMPANY LOSS COST MULTIPLIER

Employers Insurance Company of Wausau

This filing transmittal is part of Company Tracking #	
This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	

- ☐ **Loss Cost Reference Filing** _____ ☒ **Independent Rate Filing**
(Advisory Org, & Reference filing #)

If this is a loss cost filing adopting an advisory organization's loss costs, the above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files (to be deemed to have independently submitted as its own filing) the prospective loss costs in the captioned Reference Filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.

1. Check one of the following:

- ☒ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer.

Note: Some states have statutes that prohibit this option for some lines of business.

- ☐ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

2. Line, Subline, Coverage, Territory, Class, etc. combination to which this page applies: Package Solution™ - New Product Commercial Multi-Peril (Non-Liability)

3. Loss cost modification:

A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:

(Check One):

- ☐ Without Modification (factor = 1.000)
- ☒ With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.) 133% Company deviation

B. Loss Cost Modification Expressed as a Factor: (See Examples Below) 2.330

Example 1: Loss cost Modification Factor: If your company's loss cost modification is -10%, a factor of .90 (1.000 - .100) should be used.

Example 2: Loss cost Modification Factor: If your company's loss cost modification is =15%, a factor of 1.15 (1.000 + .150) should be used.

NOTE: IF EXPENSE CONSTANTS ARE UTILIZED ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 4-8 BELOW.

4. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.

		Selected Provisions	
A.	Total Production Expense	10.1	%
B.	General Expense	13.0	%
C.	Taxes, Licenses & Fee	3.0	%
D.	Underwriting profit & Contingencies (explain how investment income is taken into account)	2.7	%
E.	Other (explain)		%
F.	Total	28.9	%

5.	A.	Expected Loss Ratio: $ELR = 100\% - 4F = A$	71.1	%
	B.	ELR in Decimal Form =		
6.		Company Formula Loss Cost Multiplier (3B/5B)	.711	
7.		Company Selected Loss Cost Multiplier = (Attach explanation for any differences between 6 and 7)	3.276	
8.		Rate Level Change for the coverage(s) to which this page applies	0.0%	

FORM RF2-Reference filing abstract NAIC LOSS COST FILING DOCUMENT—OTHER THAN WORKERS' COMPENSATION

CALCULATION OF COMPANY LOSS COST MULTIPLIER

Liberty Insurance Corporation

This filing transmittal is part of Company Tracking #	
This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	

- ☐ **Loss Cost Reference Filing** _____ ☒ **Independent Rate Filing**
(Advisory Org, & Reference filing #)

If this is a loss cost filing adopting an advisory organization's loss costs, the above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files (to be deemed to have independently submitted as its own filing) the prospective loss costs in the captioned Reference Filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.

1. Check one of the following:

- ☒ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer.

Note: Some states have statutes that prohibit this option for some lines of business.

- ☐ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

2. Line, Subline, Coverage, Territory, Class, etc. combination to which this page applies: Package Solution™ - New Product Commercial Multi-Peril (Non-Liability)

3. Loss cost modification:

A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:

(Check One):

- ☐ Without Modification (factor = 1.000)
- ☒ With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.) -29% Company deviation

B. Loss Cost Modification Expressed as a Factor: (See Examples Below) 0.715

Example 1: Loss cost Modification Factor: If your company's loss cost modification is -10%, a factor of .90 (1.000 - .100) should be used.

Example 2: Loss cost Modification Factor: If your company's loss cost modification is =15%, a factor of 1.15 (1.000 + .150) should be used.

NOTE: IF EXPENSE CONSTANTS ARE UTILIZED ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 4-8 BELOW.

4. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.

		Selected Provisions	
A.	Total Production Expense	10.1	%
B.	General Expense	13.0	%
C.	Taxes, Licenses & Fee	3.0	%
D.	Underwriting profit & Contingencies (explain how investment income is taken into account)	2.7	%
E.	Other (explain)		%
F.	Total	28.9	%

5.	A.	Expected Loss Ratio: $ELR = 100\% - 4F = A$	71.1	%
	B.	ELR in Decimal Form =		
6.		Company Formula Loss Cost Multiplier (3B/5B)	.711	
7.		Company Selected Loss Cost Multiplier = (Attach explanation for any differences between 6 and 7)	1.005	
8.		Rate Level Change for the coverage(s) to which this page applies	0.0%	

FORM RF2-Reference filing abstract NAIC LOSS COST FILING DOCUMENT—OTHER THAN WORKERS' COMPENSATION

CALCULATION OF COMPANY LOSS COST MULTIPLIER

LM Insurance Corporation

This filing transmittal is part of Company Tracking #	
This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	

- ☐ **Loss Cost Reference Filing** _____ ☒ **Independent Rate Filing**
(Advisory Org, & Reference filing #)

If this is a loss cost filing adopting an advisory organization's loss costs, the above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files (to be deemed to have independently submitted as its own filing) the prospective loss costs in the captioned Reference Filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.

1. Check one of the following:

- ☒ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer.

Note: Some states have statutes that prohibit this option for some lines of business.

- ☐ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

2. Line, Subline, Coverage, Territory, Class, etc. combination to which this page applies: Package Solution™ - New Product Commercial Multi-Peril (Non-Liability)

3. Loss cost modification:

A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:
(Check One):

- ☐ Without Modification (factor = 1.000)
☒ With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.) -57% Company deviation

B. Loss Cost Modification Expressed as a Factor: (See Examples Below) .430

Example 1: Loss cost Modification Factor: If your company's loss cost modification is -10%, a factor of .90 (1.000 - .100) should be used.

Example 2: Loss cost Modification Factor: If your company's loss cost modification is =15%, a factor of 1.15 (1.000 + .150) should be used.

NOTE: IF EXPENSE CONSTANTS ARE UTILIZED ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 4-8 BELOW.

4. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.

		Selected Provisions	
A.	Total Production Expense	10.1	%
B.	General Expense	13.0	%
C.	Taxes, Licenses & Fee	3.0	%
D.	Underwriting profit & Contingencies (explain how investment income is taken into account)	2.7	%
E.	Other (explain)		%
F.	Total	28.9	%

5.	A.	Expected Loss Ratio: $ELR = 100\% - 4F = A$	71.1	%
	B.	ELR in Decimal Form =		
6.		Company Formula Loss Cost Multiplier (3B/5B)	.711	
7.		Company Selected Loss Cost Multiplier = (Attach explanation for any differences between 6 and 7)	0.605	
8.		Rate Level Change for the coverage(s) to which this page applies	0.0%	

FORM RF2-Reference filing abstract NAIC LOSS COST FILING DOCUMENT—OTHER THAN WORKERS' COMPENSATION

CALCULATION OF COMPANY LOSS COST MULTIPLIER

Liberty Mutual Fire Insurance Company

This filing transmittal is part of Company Tracking #	
This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	

- ☐ **Loss Cost Reference Filing** _____ ☒ **Independent Rate Filing**
(Advisory Org, & Reference filing #)

If this is a loss cost filing adopting an advisory organization's loss costs, the above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files (to be deemed to have independently submitted as its own filing) the prospective loss costs in the captioned Reference Filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.

1. Check one of the following:

- ☒ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer.

Note: Some states have statutes that prohibit this option for some lines of business.

- ☐ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

2. Line, Subline, Coverage, Territory, Class, etc. combination to which this page applies: Package Solution™ - New Product Commercial Multi-Peril (Non-Liability)

3. Loss cost modification:

A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:

(Check One):

- ☒ Without Modification (factor = 1.000)
- ☐ With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.) _____

B. Loss Cost Modification Expressed as a Factor: (See Examples Below) 1.000

Example 1: Loss cost Modification Factor: If your company's loss cost modification is -10%, a factor of .90 (1.000 - .100) should be used.

Example 2: Loss cost Modification Factor: If your company's loss cost modification is =15%, a factor of 1.15 (1.000 + .150) should be used.

NOTE: IF EXPENSE CONSTANTS ARE UTILIZED ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 4-8 BELOW.

4. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.

		Selected Provisions	
A.	Total Production Expense	10.1	%
B.	General Expense	13.0	%
C.	Taxes, Licenses & Fee	3.0	%
D.	Underwriting profit & Contingencies (explain how investment income is taken into account)	2.7	%
E.	Other (explain)		%
F.	Total	28.9	%

5.	A.	Expected Loss Ratio: $ELR = 100\% - 4F = A$	71.1	%
	B.	ELR in Decimal Form =		
6.		Company Formula Loss Cost Multiplier (3B/5B)	.711	
7.		Company Selected Loss Cost Multiplier = (Attach explanation for any differences between 6 and 7)	1.406	
8.		Rate Level Change for the coverage(s) to which this page applies	0.0%	

FORM RF2-Reference filing abstract NAIC LOSS COST FILING DOCUMENT—OTHER THAN WORKERS' COMPENSATION

CALCULATION OF COMPANY LOSS COST MULTIPLIER

Liberty Mutual Insurance Company

This filing transmittal is part of Company Tracking #	
This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	

- ☐ **Loss Cost Reference Filing** _____ ☒ **Independent Rate Filing**
(Advisory Org, & Reference filing #)

If this is a loss cost filing adopting an advisory organization's loss costs, the above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files (to be deemed to have independently submitted as its own filing) the prospective loss costs in the captioned Reference Filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.

1. Check one of the following:

- ☒ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer.

Note: Some states have statutes that prohibit this option for some lines of business.

- ☐ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

2. Line, Subline, Coverage, Territory, Class, etc. combination to which this page applies: Package Solution™ - New Product Commercial Multi-Peril (Non-Liability)

3. Loss cost modification:

A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:

(Check One):

- ☐ Without Modification (factor = 1.000)
- ☒ With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.) 133% Company deviation

B. Loss Cost Modification Expressed as a Factor: (See Examples Below) 2.330

Example 1: Loss cost Modification Factor: If your company's loss cost modification is -10%, a factor of .90 (1.000 - .100) should be used.

Example 2: Loss cost Modification Factor: If your company's loss cost modification is =15%, a factor of 1.15 (1.000 + .150) should be used.

NOTE: IF EXPENSE CONSTANTS ARE UTILIZED ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 4-8 BELOW.

4. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.

		Selected Provisions	
A.	Total Production Expense	10.1	%
B.	General Expense	13.0	%
C.	Taxes, Licenses & Fee	3.0	%
D.	Underwriting profit & Contingencies (explain how investment income is taken into account)	2.7	%
E.	Other (explain)		%
F.	Total	28.9	%

5.	A.	Expected Loss Ratio: $ELR = 100\% - 4F = A$	71.1	%
	B.	ELR in Decimal Form =		
6.		Company Formula Loss Cost Multiplier (3B/5B)	.711	
7.		Company Selected Loss Cost Multiplier = (Attach explanation for any differences between 6 and 7)	3.276	
8.		Rate Level Change for the coverage(s) to which this page applies	0.0%	

FORM RF2-Reference filing abstract NAIC LOSS COST FILING DOCUMENT—OTHER THAN WORKERS' COMPENSATION

CALCULATION OF COMPANY LOSS COST MULTIPLIER

The First Liberty Insurance Corporation

This filing transmittal is part of Company Tracking #	
This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	

- ☐ **Loss Cost Reference Filing** _____ ☒ **Independent Rate Filing**
(Advisory Org, & Reference filing #)

If this is a loss cost filing adopting an advisory organization's loss costs, the above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files (to be deemed to have independently submitted as its own filing) the prospective loss costs in the captioned Reference Filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.

1. Check one of the following:

- ☒ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer.

Note: Some states have statutes that prohibit this option for some lines of business.

- ☐ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

2. Line, Subline, Coverage, Territory, Class, etc. combination to which this page applies: Package Solution™ - New Product Commercial Multi-Peril (Non-Liability)

3. Loss cost modification:

A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:

(Check One):

- ☐ Without Modification (factor = 1.000)
- ☒ With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.) 133% Company deviation

B. Loss Cost Modification Expressed as a Factor: (See Examples Below) 2.330

Example 1: Loss cost Modification Factor: If your company's loss cost modification is -10%, a factor of .90 (1.000 - .100) should be used.

Example 2: Loss cost Modification Factor: If your company's loss cost modification is =15%, a factor of 1.15 (1.000 + .150) should be used.

NOTE: IF EXPENSE CONSTANTS ARE UTILIZED ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 4-8 BELOW.

4. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.

		Selected Provisions	
A.	Total Production Expense	10.1	%
B.	General Expense	13.0	%
C.	Taxes, Licenses & Fee	3.0	%
D.	Underwriting profit & Contingencies (explain how investment income is taken into account)	2.7	%
E.	Other (explain)		%
F.	Total	28.9	%

5.	A.	Expected Loss Ratio: $ELR = 100\% - 4F = A$	71.1	%
	B.	ELR in Decimal Form =		
6.		Company Formula Loss Cost Multiplier (3B/5B)	.711	
7.		Company Selected Loss Cost Multiplier = (Attach explanation for any differences between 6 and 7)	3.276	
8.		Rate Level Change for the coverage(s) to which this page applies	0.0%	

FORM RF2-Reference filing abstract NAIC LOSS COST FILING DOCUMENT—OTHER THAN WORKERS' COMPENSATION

CALCULATION OF COMPANY LOSS COST MULTIPLIER

Wausau Business Insurance Company

This filing transmittal is part of Company Tracking #	
This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	

- ☐ **Loss Cost Reference Filing** _____ ☒ **Independent Rate Filing**
(Advisory Org, & Reference filing #)

If this is a loss cost filing adopting an advisory organization's loss costs, the above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files (to be deemed to have independently submitted as its own filing) the prospective loss costs in the captioned Reference Filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.

1. Check one of the following:

- ☒ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer.

Note: Some states have statutes that prohibit this option for some lines of business.

- ☐ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

2. Line, Subline, Coverage, Territory, Class, etc. combination to which this page applies: Package Solution™ - New Product Commercial Multi-Peril (Non-Liability)

3. Loss cost modification:

A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:

(Check One):

- ☐ Without Modification (factor = 1.000)
- ☒ With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.) -57% Company deviation

B. Loss Cost Modification Expressed as a Factor: (See Examples Below) 0.430

Example 1: Loss cost Modification Factor: If your company's loss cost modification is -10%, a factor of .90 (1.000 - .100) should be used.

Example 2: Loss cost Modification Factor: If your company's loss cost modification is =15%, a factor of 1.15 (1.000 + .150) should be used.

NOTE: IF EXPENSE CONSTANTS ARE UTILIZED ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 4-8 BELOW.

4. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.

		Selected Provisions	
A.	Total Production Expense	10.1	%
B.	General Expense	13.0	%
C.	Taxes, Licenses & Fee	3.0	%
D.	Underwriting profit & Contingencies (explain how investment income is taken into account)	2.7	%
E.	Other (explain)		%
F.	Total	28.9	%

5.	A.	Expected Loss Ratio: $ELR = 100\% - 4F = A$	71.1	%
	B.	ELR in Decimal Form =		
6.		Company Formula Loss Cost Multiplier (3B/5B)	.711	
7.		Company Selected Loss Cost Multiplier = (Attach explanation for any differences between 6 and 7)	0.605	
8.		Rate Level Change for the coverage(s) to which this page applies	0.0%	

FORM RF2-Reference filing abstract NAIC LOSS COST FILING DOCUMENT—OTHER THAN WORKERS' COMPENSATION

CALCULATION OF COMPANY LOSS COST MULTIPLIER

Wausau Underwriters Insurance Company

This filing transmittal is part of Company Tracking #	
This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	

- ☐ **Loss Cost Reference Filing** _____ ☒ **Independent Rate Filing**
(Advisory Org, & Reference filing #)

If this is a loss cost filing adopting an advisory organization's loss costs, the above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files (to be deemed to have independently submitted as its own filing) the prospective loss costs in the captioned Reference Filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.

1. Check one of the following:

- ☒ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer.

Note: Some states have statutes that prohibit this option for some lines of business.

- ☐ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

2. Line, Subline, Coverage, Territory, Class, etc. combination to which this page applies: Package Solution™ - New Product Commercial Multi-Peril (Non-Liability)

3. Loss cost modification:

A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:

(Check One):

- ☒ Without Modification (factor = 1.000)
- ☐ With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.) _____

B. Loss Cost Modification Expressed as a Factor: (See Examples Below) 1.000

Example 1: Loss cost Modification Factor: If your company's loss cost modification is -10%, a factor of .90 (1.000 - .100) should be used.

Example 2: Loss cost Modification Factor: If your company's loss cost modification is =15%, a factor of 1.15 (1.000 + .150) should be used.

NOTE: IF EXPENSE CONSTANTS ARE UTILIZED ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 4-8 BELOW.

4. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.

		Selected Provisions	
A.	Total Production Expense	10.1	%
B.	General Expense	13.0	%
C.	Taxes, Licenses & Fee	3.0	%
D.	Underwriting profit & Contingencies (explain how investment income is taken into account)	2.7	%
E.	Other (explain)		%
F.	Total	28.9	%

5.	A.	Expected Loss Ratio: $ELR = 100\% - 4F = A$	71.1	%
	B.	ELR in Decimal Form =		
6.		Company Formula Loss Cost Multiplier (3B/5B)	.711	
7.		Company Selected Loss Cost Multiplier = (Attach explanation for any differences between 6 and 7)	1.406	
8.		Rate Level Change for the coverage(s) to which this page applies	0.0%	